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FINANCIAL TIMES

Europe's Business Newspaper | WEEKEND OCTOBER 22/OCTOBER 23 1994 | D8523A

THE UNIVERSITY OF JORDAN SERIALS DIVISION

EU averts budget crisis with deal on Italy's fines

European Union finance ministers reached a compromise over fines due from Italy for cheating on its milk production quota. The settlement resolves the crisis over the union's planned budget increase and means that enlargement due to bring in Austria, Finland, Sweden and Norway next year, can proceed. Page 26

US and North Korea sign accord: The US and North Korea signed an agreement to defuse nuclear tension in the Korean peninsula in spite of international doubts about the wisdom of providing aid and technology to a country that flouts the Nuclear Non-Proliferation treaty. Page 26

Actor Burt Lancaster dies aged 80

Actor Burt Lancaster died at his home in Los Angeles, aged 80. He had been in poor health for some time. He appeared in more than 70 films including *From Here to Eternity*, *Elmer Gantry*, for which he received an Academy Award, and *The Birdman of Alcatraz*. He made his last film, *Voyage of Terror*, in 1990.

CIS to form economic committee: The 12 former Soviet republics which belong to the Commonwealth of Independent States took a tentative step towards closer to integration by agreeing to form a supra-national economic committee. Page 2

Satellite boss dismissed: Societe Europeenne des Satellites, the company that operates the Astra satellite system, dismissed its director-general, Pierre Meyrat. SES said Mr Meyrat, a pioneer of satellite television in Europe, had "been released from his duties". The departure is in spite of letters of support from customers.

Cigarette profits lift American Brands: A big increase in profits from cigarettes helped US consumer products group American Brands lift net income 79 per cent to $152m in the third quarter. Page 11

Clinton to visit Syria: US president Bill Clinton will visit Damascus next week for talks with Syrian president Hafez al-Assad on negotiations between Syria and Israel. Israel shells guerrillas in Lebanon, Page 3

Poor US sales hold back Kellogg: Poor sales in the US held back profits growth at Kellogg, the US breakfast cereal maker, in the three months to September. Net income rose 4 per cent to $216.7m. Page 11

Japan's brokers stall at halfway: Interim earnings at Japan's leading brokers were held back by lower-than-expected stock market volume which resulted in reduced stock broking commissions. Page 11

Value of British Coal assets questioned: The successful bidders for British Coal mines have offered far more than is being paid for coal assets on the international market, a report says. Page 10

Lloyd's agents to appeal in Gooda case: Lloyd's of London insurance market agencies facing record claims for compensation from members after the High Court judgment against them in the Gooda Walker case are to go to the Court of Appeal. Page 6

Farmers face tough 'green' measures: UK agriculture minister William Waldegrave is discussing proposals to force European Union cereal farmers to adopt environmentally friendly practices in return for the £8.1bn ($12.8bn) annual payments they receive as compensation for cuts in grain prices. Page 4

Pearson to buy magazine group: Pearson, the media and information group that owns the Financial Times, has agreed to buy Future Publishing for £52.5m ($83m). The company specialises in computer and consumer magazines.

Tunnel train delayed again: A Channel tunnel Eurostar train broke down for the second consecutive day. BR chairman Sir Bob Reid and Eurotunnel joint chairman Sir Alastair Morton were among 400 passengers delayed for two hours at Calais station on their way to Paris from London. Page 6

Clocks go back in UK: Summer time ends in the UK at 2am on Sunday. Clocks will be put back one hour.

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Fayed gave Tories £250,000 after Harrods takeover

By Robert Peston and David Owen

Mr Mohamed Fayed, the Egyptian financier whose allegations about payments to MPs have thrown the government into disarray, said last night that he had made personal contributions totalling £250,000 to the Conservative party in the mid-1980s.

The contributions were made after he and his two brothers acquired House of Fraser, which owned Harrods department store in London, in 1985.

Following the takeover, the government faced lobbying from the Fayeds' arch rival, Mr Tiny Rowland, chief executive of the international group, Lonrho, that it to should take action against them for alleged misconduct during the £615m House of Fraser takeover.

According to Mr Michael Cole, a Harrods director who was speaking for Mr Fayed, the funds were "handed personally to Lord McAlpine", at the time honorary treasurer of the party.

The Conservative party said last night that it had a rule of never commenting about personal donations. Lord McAlpine was unavailable for comment. However, Mr David Blunkett, the former Labour party chairman, said the disclosure of these payments was damaging to "the democratic process".

There was also mounting pressure last night for the resignation of Mr Neil Hamilton, the corporate affairs minister named by Mr Fayed earlier this week as one of two government ministers who had received payments for asking parliamentary questions.

Though Mr Hamilton has denied the allegations, Mr Alex Carlile, Liberal Democrat MP for Montgomery, called for an inquiry into Mr Hamilton's stay at the Ritz, the Paris hotel owned by the Fayeds. He made his request in a letter to Sir Geoffrey Johnson Smith, chairman of the Commons committee on members' interests. Mr Hamilton is alleged to have had an all-expenses paid stay at the Ritz. Mr Carlile wants the committee to decide whether the trip should have been disclosed in the register of members' interests.

Mr Hamilton's decision to stay in his post has been supported by Downing Street, following a three-week investigation by Sir Robin Butler, the cabinet secretary. There was speculation at Westminster that the conduct of a third minister – together with Mr Tim Smith, the junior Northern Ireland minister, who resigned on Thursday – had been investigated by Sir Robin.

Downing Street last night said it was not in a position to "confirm or deny any such things". Mr Fayed's payments to the Conservative party have never been made public because personal payments to political parties, unlike corporate ones, do not have to be disclosed.

Lonrho, which also wanted to buy House of Fraser, alleged that the Fayeds had not used their own money for the takeover. Department of Trade and Industry inspectors were appointed in 1987. Their report, not published till March 1990, concluded that the Fayeds had "misrepresented . . . their wealth . . . and resources". In spite of these criticisms, no action was taken by the DTI to disqualify them as directors of UK companies.

Doyen of the lobbyists, Page 8

Dublin welcomes package of Ulster confidence-building measures

Major paves way for start of talks with Sinn Féin

By Philip Stephens in London and John Murray-Brown in Belfast

Mr John Major, the UK prime minister, moved to entrench peace in Northern Ireland yesterday with an extensive package of confidence building measures. He announced the government was ready to open exploratory talks with Sinn Féin, the IRA's political wing, before the end of the year.

In a landmark speech in Belfast in which he confirmed the government's "working assumption" that the IRA intended a permanent end to violence, Mr Major disclosed plans for a steady easing of security measures in the province.

His comments evoked a warm response in Dublin, modest encouragement from the Ulster Unionists and calls from Sinn Féin for direct negotiations not to be delayed. But Dr Ian Paisley, leader of the Democratic Unionists, accused Mr Major of "caving in" to the IRA.

Mr Major, who is to meet Mr Albert Reynolds, the Irish prime minister, on Monday, also emphasised his determination to accelerate negotiations on a new political settlement.

In spite of the refusal of Sinn Féin explicitly to renounce violence for good, he said, the actions of the Republican movement during its six-week ceasefire pointed to a permanent end to the violence.

The orders excluding Mr Gerry Adams and Mr Martin McGuinness, the two leading spokesmen for Sinn Féin, from the British mainland were lifted. All border crossings with the Republic are being reopened.

Ulster peace process: Page 5
- Paisley condemns initiative
- Major takes risks
- Sinn Féin aims to unite
- Editorial Comment: Page 8

Declaring that "from this moment we are in a new phase of the peace process", the prime minister said measures marked the start of a "full return to democratic life". The aim was "to make a return to violence unthinkable".

Mr Major spelled out plans to create a new Ulster assembly and laid out the principles that would guide negotiations with the Irish Republic on a constitutional framework for the province.

His speech included also a commitment to a large-scale initiative to rebuild the Northern Ireland economy with a concerted effort to encourage inward investment and substantial European Union aid.

Overall, it marked a carefully balanced effort to reassure the unionist community of their continuing veto over the province's constitutional future while meeting the concerns of the nationalist community.

The prime minister's talks with Mr Reynolds are designed to remove the remaining obstacles to a joint framework document on relations between the two governments and between Northern Ireland and the Republic.

Mr Major indicated that once the document is completed, the British side will publish also its ideas for a new, devolved assembly in Northern Ireland. The proposed assembly, which would be elected under a proportional voting system, would give representation to all shades of opinion in the province.

But in a warning of the difficulties to come, Mr Major said a lasting peace could be guaranteed only when the IRA and loyalist groups had surrendered their guns and explosives. He said the London government intended to establish a joint approach with Dublin.

Sinn Féin gave an insight into its likely negotiating position, warning that it would make the surrender of guns contingent on achieving broad political agreement.

Mr Mitchel McLaughlin, northern chairman of Sinn Féin, said he saw "the discussion on the political issues as part of the taking the gun out of Irish politics . . . Clearly there would have to be agreement on political structures to remove the potential for political violence. That political violence arose out of a lack of agreement."

John Major speaking to the press at Stormont Castle, Belfast, with Northern Ireland secretary Sir Patrick Mayhew to his left Reuter

Jaguar car workers reject 7.5% pay package

By Robert Taylor, Labour Correspondent

Jaguar car workers have overwhelmingly rejected a two-year pay deal worth 7.5 per cent in a move that has shocked the company and the trade unions that negotiated the agreement.

The decision aroused fears yesterday that discontent might spread to other parts of the UK car industry as economic recovery increases the demand for cars and strengthens employees' bargaining power.

Next week, unions covering 28,000 employees at the Rover group will announce the results of a workplace ballot on a 7.7 per cent, two-year pay offer. Nissan and Peugeot Talbot negotiate in November. Ford will increase pay by 3.5 per cent on November 24 as part of a two-year deal.

Both sides at Jaguar are expected to meet in the next few days to try to revise the offer. If they fail to secure an improvement, the unions are likely to call a strike ballot. The Jaguar workers threw out the offer by a six-to-four majority in a consultative ballot organised by the company's shop stewards.

An official of the Transport and General Workers union said it believed the Jaguar

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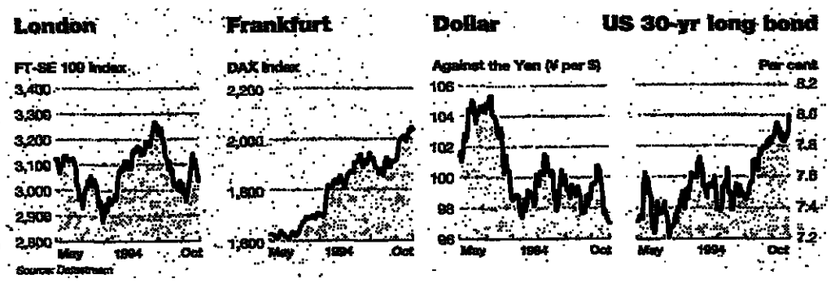

Dollar rebounds after slump

By Philip Gawith and Philip Coggan

The US dollar rallied in London yesterday after a week in which it hit a postwar low against the Japanese yen and a two-year low against the D-Mark.

The rally followed remarks yesterday by Mr Lawrence Summers, undersecretary of international affairs at the US Treasury, that the US administration would be prepared to intervene in the currency markets to support the dollar.

The US currency had dropped to Y96.50 and DM1.4880 in Asian trading earlier following comments on Thursday by Mr Lloyd Bentsen, US Treasury secretary, which reawakened fears that the US had returned to a policy of "benign neglect" towards the dollar. By the London close, the dollar was trading at Y96.995 and DM1.4954. The dollar's

Continued on Page 26
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STOCK MARKET INDICES

FT-SE 100:	3,032.8	(-30.4)
Yield	4.16	
FT-SE Eurotrack 100	1,304.76	(-19.47)
FT-SE-A All-Share	1,512.29	(-0.99%)
Nikkei	19,899.08	(-92.82)
New York: lunchtime		
Dow Jones Ind Ave	3,888.27	(-22.88)
S & P Composite	464.85	(-2.0)
LONDON MONEY		
3-mo Interbank	5 13/16%	(same)
Liffe long gilt fut:	Dec 101 5/32	(Dec 101 7/16)

US lunchtime rates	
Federal Funds:	4 5/8%
3-m Treas Bills: Yld	5.102%
Long Bond	94 11/32
Yield	7.976%
NORTH SEA OIL (Argus)	
Brent 15-day (Dec)	$16.25 (16.49)
Gold	
New York Comex (Dec)	$392.9 (393.3)
London	$390.7 (391.0)

STERLING		
New York lunchtime:		
$	1.6255	
London:		
$	1.628	(1.62)
DM	2.4945	(2.4325)
FFr	8.3452	(8.3381)
SFr	2.0277	(2.0206)
Y	157.908	(157.662)
£ Index	80.4	(80.2)

DOLLAR		
New York lunchtime:		
DM	1.4698	
FFr	5.139	
SFr	1.2495	
Y	97.28	
London:		
DM	1.4954	(1.5016)
FFr	5.128	(5.1471)
SFr	1.2455	(1.2473)
Y	96.995	(97.325)
$ Index	80.8	(81.0)
Tokyo close Y 96.88		

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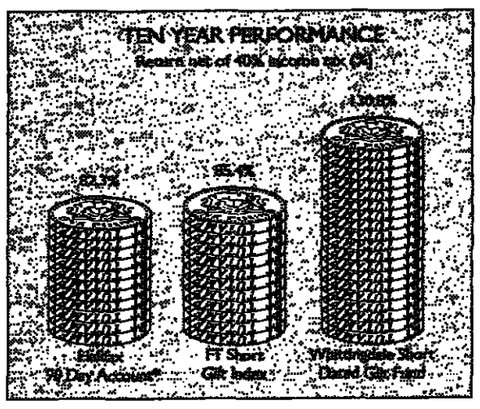
8.7% P.A. OVER TEN YEARS
net of higher rate income tax



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Summit adds to 'paper trail' of agreements on co-operation

CIS states inch towards integration

By Chrystia Freeland in Moscow

The 12 former Soviet republics in the Commonwealth of Independent States took a tentative step towards closer integration at a summit in Moscow yesterday, agreeing to form a supranational economic committee.

But many of the states expressed reservations about this and other political and economic agreements signed, and retained the right to opt out of CIS accords.

These hesitations suggest that, despite the decidedly upbeat tone of Russian President Boris Yeltsin at a concluding press conference, the CIS is unlikely to be granted the authority to overrule national governments soon.

Mr Yeltsin also made a veiled attack on Russian advocates of tough fiscal and monetary policy by strongly endorsing the bid by the embattled republic of Tajikistan to rejoin the Russian rouble zone.

During yesterday's meetings the Russian and Moldovan prime ministers agreed on the withdrawal of Russian forces from Moldova by 1997. Russia also pushed through an agreement on protection of national minorities, which could strengthen Moscow's efforts to speak for the 20m ethnic Russians living in other former Soviet republics, but many states, including Ukraine, appended reservations to their signatures of the agreement.

Mr Yeltsin, who expressed his satisfaction about the formation of the Inter-State Economic Committee, in which Russia will control 50 per cent of the votes and decisions are taken by an 80 per cent vote, admitted that real economic integration had not been achieved.

Agreements on forming a payments union – which might require a curtailment of national control over monetary policy if it is formed – and a customs union were also signed, but no details were released.

Later the Ukrainian prime minister, Mr Vitaly Masol, told Interfax that Ukraine would not join the payments union.

In the first nine months of 1994 the Russian federal government has collected only 37.3 per cent of the tax and other revenues it counted on receiving this year, according to a Ministry of Finance report released yesterday, writes Chrystia Freeland. The report suggests that low rates of tax collection have played a significant role in creating the fiscal crisis that contributed to the crash of the rouble last week and prompted the Russian cabinet on Thursday to adopt a more austere budget for 1995.

A 16 per cent decline in GDP – higher than the government had predicted when drawing up the 1994 budget – and lower levels of inflation are, according to Russian officials, partially responsible for the low levels of tax collection. But economists believe that evasion and capital flight are largely to blame.

Mr Yeltsin acknowledged the difficulties, saying: "Not all states are equally ready to take part in the economic union, although all voted for it."

Since its formation in December 1991 after the collapse of the Soviet Union the CIS has created an impressive paper trail of agreements but few have actually been implemented. Mr Yeltsin, who held a private meeting with Ukrainian President Leonid Kuchma, praised the "completely different atmosphere" which now prevails in Ukrainian-Russian relations since the defeat of former President Leonid Kravchuk in elections in July. However, privately, Ukrainian officials said Kiev remained unwilling to give up any national sovereignty to CIS structures.

● Mr Steve LeVine, central Asian correspondent for the Financial Times and Newsweek, said yesterday the Uzbekistan authorities had refused to renew his press accreditation. Mr LeVine said he was told: "We think you are against our president." He will continue to report on the region from Alma-Ata, the capital of Kazakhstan.

Ukraine to meet reform deadline

By Matthew Kaminski in Kiev

Ukraine will initiate a series of tough macroeconomic reform steps, possibly as early as today, to meet Wednesday's deadline set by the International Monetary Fund to release a first $360m (£227.8m) credit to aid the country's transition to a market economy.

The two most important measures involve liberalising wholesale and energy prices and unifying the country's myriad exchange rates. These reforms, the most radical since independence, would be the first implemented under President Leonid Kuchma's western-tailored programme to overhaul the country's economy.

According to Mr Vladimir Naumenko, deputy economics minister, Mr Vitali Masol, the conservative prime minister hostile to reform, signed on Wednesday night nine decrees liberalising prices and trade, indexing pensions and wages and shoring up the social safety net.

Mr Naumenko added that the National Bank yesterday finalised plans to unify the exchange rates. The decrees, likely to reassure western donors, mark a rare consensus within Ukraine's government.

Mr Masol signed the decrees under pressure from Mr Kuchma despite his criticism this week of plans to raise bread prices seven-fold, cut the budget deficit to 10 per cent of GDP and unify exchange rates.

The finalising of the decrees will mean that Mr Kuchma will carry a stronger hand to Canada next week when he urges IMF, World Bank and G7 finance officials to help Ukraine cover a $600m balance of payments gap for the fourth quarter and come up with about $5.5bn in assistance to ease the economic transition.

Flamboyant Catalan faces survival test

Tom Burns examines charges against Javier de la Rosa that have landed the controversial financier in deep water

Mr Javier de la Rosa, the flamboyant Catalan financier who since Wednesday has been sharing a small cell in Barcelona's Modelo prison, foundered in deep waters before and came out swimming. But now he faces charges levelled by mostly retired people of modest means who claim he has swindled their savings.

These minority shareholders of Grand Tibidabo, the now bankrupt holding company that Mr de la Rosa acquired in 1991, accuse him of rerouting at least Pta3bn (£15m) towards his own private businesses.

Mr de la Rosa, now 47, has swum away from the wreckage before. In 1985 he resigned as head of Banca Garriga Nogues, a small Barcelona subsidiary of the Banesto banking group, to start a private investment career. The following year Garriga Nogues collapsed with bad debts of $800m.

In May 1992 Mr de la Rosa left Grupo Torras, the Spanish investment arm of the Kuwait Investment Office (KIO) that he had run for six years, and in December the company, citing losses of $4bn, went into receivership.

The year before casting loose from the KIO, which is suing him separately along with other former Grupo Torras executives, Mr de la Rosa began putting together his own financial empire by paying Pta8.5bn in a public share offer for 30 per cent of Consorcio Nacional de Leasing (CNL), a Barcelona leasing company with a widely distributed small shareholders equity base.

Later in 1991 he had CNL buy 30 per cent of SA Tibidabo, a company he already controlled, sold CNL's headquarters and its leasing business, and transformed it into a holding company with the new name of Grand Tibidabo.

Last May Mr de la Rosa's chequered business career repeated itself. A month ahead of Grand Tibidabo's general meeting he resigned as chairman of the holding, saying he was willing to sell his stake in it for Pta1.

At the AGM Grand Tibidabo's directors announced that a revised audit had established losses for the company of nearly Pta11bn, in place of profits of Pta18m, and, during a six-hour meeting, they endured sustained abuse from angry minority shareholders.

The chief cause of the shareholder hostility was their belief that Mr de la Rosa had used their money in Grand Tibidabo to buy and sell, at a profit to himself, properties that either belonged to him or to his associates and that he had decapitalised the holding in the process.

What Banesto failed to do after the collapse of its Garriga Nogues subsidiary – and what KIO has so far failed to achieve after the fall of Grupo Torras – has been accomplished by lawyers representing some 500 of Grand Tibidabo's 7,000-odd remaining shareholders. Mr de la Rosa is being held in custody pending charges of falsifying public documents and misappropriation of funds, which carry penalties of six to 12 years. He was ordered yesterday to post bail of Pta7bn to cover his alleged liability for the losses of Grand Tibidabo.

Javier de la Rosa: has swum away from wreckage before

Mr Joaquin Aguirre, the civil court judge who ordered Mr de la Rosa's arrest three days ago, said the financier must pay the money by Monday or face a possible embargo of his personal assets.

The courts will decide whether the charges against him stick and the investigating judge may still add new ones. But what has for the time being put Mr de la Rosa behind bars in his home town is an odd combination of high-level political infighting and of small-time investor hostility.

"People kept telling Javier that what would land him in jail would not be the big KIO guns but the old widows who had their savings in CNL," says a Barcelona lawyer who monitored Mr de la Rosa's dealings. "Javier has tripped up because he refused to recognise that Grand Tibidabo had shareholders, that it had to be properly audited and that it was subject to the scrutiny of the stock exchange commission," says a former senior employee of the holding company.

The civil actions, like the ones brought by lawyers representing a group of Grand Tibidabo shareholders, do not in themselves propel the chairman of a failed company into custody. Mr de la Rosa was not, however, an ordinary chairman and neither is the present mood in Spain: there is a backlash against those who made speculative fortunes during the late 1980s.

Politics lie close to the surface of the Grand Tibidabo affair as Mr de la Rosa was close to the Catalan nationalist party that runs the Generalitat, the Catalan government. The Barcelona prosecutors seized on allegations that Mr de la Rosa had temporarily used Pta1bn of a Pta10bn loan to Grand Tibidabo, that had been guaranteed by the Generalitat to develop a theme park south of Barcelona, for his own private business purposes.

The prosecutors – Mr Carlos Jiménez Villarejo and Mr José María Mena – are seen as being "political" prosecutors who are staunch opponents of the Catalan nationalist party. The two were involved in a long-running feud with the Generalitat during the 1980s when they attempted to pin the blame for the failure of a local banking group on Mr Jordi Pujol, its former chairman and the Generalitat's chief executive.

Catalan nationalists say the prosecution of Mr de la Rosa is linked to attempts to undermine Mr Pujol, who has frequently held the financier up to be an exemplary Catalan entrepreneur.

Mr de la Rosa defiantly told a radio interviewer, shortly before his arrest, that "everyone had better be prepared to take their share of responsibility".

The whole affair takes the form of an Italian-style corruption scandal as Mr de la Rosa is widely believed to have extensive dossiers on leading political figures in Spain and has allegedly taped all his conversations. The discovery of a Panamanian passport, bearing Mr de la Rosa's photograph but with a false name, during a police search of one of his six offices in Barcelona underlined the dark side of the financier's approach to business.

Bonn in call for continued support

By Bruce Clark

Germany will continue to need Nato and US support for its defence because of Russia's military strength and the uncertain prospects for democracy, the head of the German defence staff said yesterday.

In a speech to the Royal United Services Institute, Gen Klaus Naumann gave a strikingly downbeat view of the chances of stability or prosperity in the former Soviet Union.

He described Russia as a country "taking a giant step from feudalism to democracy without ever having gone through the experience of enlightenment".

"Stability and democracy are linked with economic prosperity, and the Russian economy . . . is far away from recovery, and hence we should not be too optimistic in our assessment," the defence chief said.

He told the institute: "In the presumably long process of disintegration and reconstruction [in the former Soviet Union] we are likely to see further reversals . . . and more violence than we are now seeing in the almost forgotten wars of Caucasus."

Gen Naumann said that even if existing disarmament treaties were observed, Russia would still have more than 3,200 strategic nuclear warheads and an army of 1.5m men which Mr Yeltsin had promised to supply generously.

He was presenting to the institute his country's plans to develop a global rapid reaction capacity, including the ability to deploy one army division anywhere in the world within less than a month. He stressed that Germany did not expect to engage in such missions alone.

Swedish forestry companies join forces to urge EU membership

By Hugh Carnegy in Stockholm

Sweden's top four forestry companies yesterday joined forces to warn that investment in Sweden would be threatened if the country voted against joining the European Union in a referendum on November 13.

In a joint newspaper article, the chief executives of Stora, Europe's biggest forestry company, SCA, the continent's third biggest, Modo and Assidomän said EU membership was vital for Sweden's forestry industry, which has many production facilities as well as its main markets in the Union.

"We want to invest in Sweden, but... if Sweden stands outside the EU it will likely lead to many internationally orientated companies choosing to invest in production inside the EU's borders," wrote the four, whose companies together employ 90,000 people in Sweden and abroad and have combined annual sales of SKr115bn (£9.8bn).

The article was similar to a public warning against tax increases issued by four senior industrialists before last month's general election. But it is far from clear that such interventions by business leaders in political campaigns have the desired effect. The election warning was aimed chiefly at the Social Democratic party, but the party went on to win the election.

Many of the Social Democrat candidates and supporters proclaimed that the country's large industrial companies, most of which are making big profits this year, should not only pay more taxes but should also bear directly some of the costs of Swedish membership of the EU.

However, the latest opinion polls this week suggested that the Yes campaign now leads in the EU debate. A poll yesterday in Dagens Nyheter, the newspaper which carried the article by the industrialists, showed support for Swedish membership running ahead of the opposition by 41 per cent to 34 per cent. The result showed a gain of five percentage points by the Yes camp, while the No side slipped three points from a previous poll in September.

Last Sunday, Finland became the first of the three Nordic EU applicants to vote on membership. Final official results published yesterday showed approval for joining by 56.9 per cent to 43.1 per cent, a slightly narrower margin than initially reported by the authorities. Norway, where opinion remains strongly against membership, is to hold its referendum on November 28.

The Finnish parliament will hold its final vote on EU membership on November 8 or 9, it was announced yesterday. The government is keen to secure parliamentary approval, which must be by a two-thirds majority, before the Swedish referendum in case a rejection of membership by the Swedes causes a last-minute parliamentary revolt.

In Stockholm yesterday, Mr Ingvar Carlsson, the prime minister, named Ms Anita Gradin, Sweden's ambassador to Austria, as the country's first EU commissioner if the referendum approves membership.

September's money supply growth continues deceleration

German interest rate hopes hit

By Andrew Fisher in Frankfurt

Germany's money supply growth continued to decelerate in September, but not by enough to encourage hopes of further interest rate cuts by the Bundesbank over the next few weeks.

The closely watched M3 monetary indicator rose at an annualised rate of 7.7 per cent last month. Some economists had expected it to show a more marked slowdown, now that the distortions which caused it to grow more sharply earlier this year have been ironed out.

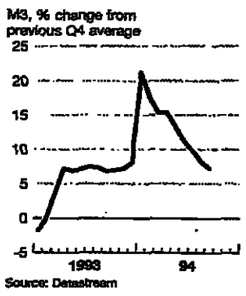
The latest M3 figure "will reduce market hopes for a further rate cut," said Mr Stephen King, economist at James Capel in London. "With relatively high levels of capacity utilisation and strong export and investment growth, there is no real case for rates to be reduced again in the current cycle."

The Bundesbank last reduced rates in May by half a percentage point, bringing the discount rate down to 4.5 per cent and the Lombard rate to 6 per cent. This helped move money out of short-term deposits (included in M3) and into longer term funds.

Recently, Bundesbank directors have made clear they see no immediate case for further interest rate reductions, especially with the strong economic revival.

Mr Hans Tietmeyer, bank president, said this week the bank wanted to keep money market rates stable in the face of international volatility. The next Bundesbank council meeting is on Thursday. The bank said the introduction of money market funds into Germany had had some impact on the slower M3 trend but this should not be exaggerated.

Germany: money supply



About DM5bn (£2bn) flowed into foreign-based money market funds in August and DM3bn in September; a further DM1.2bn went into German-registered funds.

Not all of this came from assets in the M3 definition, however. Some came from abroad and some was switched from bond holdings by investors nervous about long-term interest rate trends.

"M3 would have grown somewhat more strongly without money market funds, but the difference cannot be specified from information provided by the Bundesbank," said Mr Richard Reid, an economist with UBS, the Swiss bank.

He, too, thought M3 had not slowed enough to prompt a rate cut at the next two fortnightly council meetings.

Gligorov remains at helm in Macedonia

By Kerin Hope in Athens

President Kiro Gligorov of Macedonia has secured a new five-year term, capturing 52.4 per cent of the registered vote in Sunday's presidential and parliamentary elections, according to official results announced yesterday.

His opponent, Mr Ljubisha Georgievski, a theatre director backed by the hardline nationalist Internal Macedonian Revolutionary Movement (VMRO), won only 14.5 per cent of the vote.

Mr Gligorov, 77, a reformist ex-Yugoslav politician, campaigned on his record of achieving a peaceful transition to independence and international recognition.

However, a high percentage of spoiled ballot papers, many from districts with a large ethnic Albanian population, indicated the tensions underlying Macedonia's precarious political stability.

Official results of the first-round parliamentary vote were still unavailable yesterday. The state electoral commission, in charge of election procedures, said it was unable to produce full results as returns from some polling stations were missing and electoral registers were incomplete.

The Alliance for Macedonia, led by ex-communists and backed by President Gligorov, claimed it won more than 30 per cent of the vote. Unofficial results gave VMRO about 13 per cent and the free-market nationalist Democratic party about 10 per cent.

The Alliance said it captured 12 of the 120 parliamentary seats in the first round. The Party for Democratic Prosperity, the main ethnic Albanian party, claimed two seats.

Because of the confusion surrounding the poll, both VMRO and the Democratic party are threatening to boycott the run-off vote for parliament, set for October 30.

Greek central bank proves no place for a politician

Kerin Hope on why the bank's governor was asked to resign

A clash of personalities rather than policies caused the downfall of Greece's central bank governor, Mr Yannis Boutos, a former economy minister forced to resign last week in a dispute with the government over the future of the loss-making Bank of Crete.

"The lesson for everyone is that you mustn't put a politician in charge of the Bank of Greece," said a senior economy ministry official.

The new central bank governor, Mr Loukas Papademos, promoted from deputy governor, presents a model technocrat's image after 10 years at the central bank, mainly as an influential but low-profile economic adviser.

Mr Boutos came out of political retirement to take over as head of the central bank 11 months ago when the Panhellenic Socialist Movement (Pasok) returned to power. But his personal friendship with prime minister Andreas Papandreou failed to offset the mistrust his conservative background inspired among senior socialists.

At one level, Greece's central bank enjoys considerable autonomy, setting interest rates without interference from the government and managing monetary and foreign exchange policy on its own terms. However, the need to co-ordinate policy on financing Greece's huge public debt, amounting to more than 110 per cent of gross domestic product, and the development of its fast-growing but still primitive capital market means the central bank must co-operate closely with the economy ministry.

"The governor shared our view on reducing inflation and gave us all the backing we needed on curbing monetary expansion," one government official said. "But he wasn't part of banking culture." Tact is also needed to maintain relations with the state-controlled National Bank of Greece, the country's largest commercial bank which has a market share of close to 50 per cent of deposits but a heavy burden of non-performing loans. Senior managers at National Bank, which issued currency until the Bank of Greece was set up in the late 1920s, persist in seeing the central bank as a comparative upstart.

Mr Boutos, a blunt-spoken economist from Sparta, had little in common with Mr George Mirkos, governor of National Bank, a Pasok appointee whose family have been executives with the bank for more than a century.

He recently rejected Mr Mirkos's demand for a Dr15bn (£40m) cash reward for National Bank from the central bank for helping defend the drachma during last May's currency crisis by raising short-term interest rates above 60 per cent and turning down new loan requests.

Mr Boutos also raised difficulties over another attempt by Mr Mirkos to boost his bank's balance sheet. The latter demanded that the central bank should adjust exchange rates in National Bank's favour on foreign currency deposits made by Greeks working abroad, dating from the time when the central bank kept a tight grip on exchange controls.

The request was considered reasonable by central bank advisers, who are keen to sort out apparent irregularities with Greek commercial banks in preparation for meeting the Maastricht requirements for a single European currency.

However, concern was voiced over the inflationary effects of injecting some Dr300bn of liquidity into the banking system as a result of a one-off exchange rate adjustment.

It was Mr Boutos's decision last month to liquidate Arab Hellenic Bank, a struggling consortium bank set up in the 1970s by National Bank with Libyan and Kuwaiti partners, that particularly irked Mr Mirkos.

The state-owned Libyan Arab Bank had offered to cover a planned Dr3bn capital increase for Arab Hellenic Bank. This would have given the Libyans control of a Greece-based bank, enabling them to open branches in the EU under single market rules while remaining under Bank of Greece supervision.

The deal hung fire for more than a year before the US precipitated Mr Boutos's intervention by threatening to include Arab Hellenic Bank in its ban on financial transactions with Libyan nationals.

While Mr Boutos's abrasive style annoyed other bankers, his decision-making could not be faulted until it came to privatising the Bank of Crete, under central bank supervision as a $200m (£126.5m) embezzlement scandal had been revealed there in 1988.

The socialist government is particularly sensitive about the Bank of Crete because its owner, Mr George Koskotas, now serving a prison sentence for fraud for his part in the scandal, claimed he was blackmailed by Pasok officials into providing funds for the party. The allegations contributed to the socialists' fall from power in 1989.

Ignoring advice from Pasok, Mr Boutos sacked the commissioner of the bank, Mr Kostas Kalivianakis, on the grounds that he was obstructing the privatisation process. Moreover, Bank of Crete's losses had soared from Dr1.2bn in 1993 to Dr3.2bn for the first half of this year.

A government official said: "Because of its past, decisions on the Bank of Crete disposal have to be reached by consensus and carried out transparently."

Mr Boutos's mistake was to appoint as the new commissioner, without consultation, Mr Michalis Sortikos, a private-sector financier reportedly involved in an attempted takeover of a private Greek bank earlier this month. This raised questions over a conflict of interest. When news of the decision reached the premier's office, Mr Boutos was asked to resign.

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Japan calls for intervention as dollar slips

By William Dawkins in Tokyo

Japanese ministers and businessmen yesterday voiced anxiety over the dollar's latest decline, to a post-war low against the yen. Mr Masayoshi Takemura, the finance minister, called for joint intervention by members of the Group of Seven to support the dollar.

The US currency briefly touched a record low of Y96.55 in Tokyo, before closing at Y96.68, its lowest ever closing price in Japan. Share prices reacted calmly with the Nikkei down only 92.82 points to 19,899.08 and government bonds strengthened.

Business groups repeated earlier worries that the dollar's fall will inflict another blow on the yen value of export sales just as they were beginning to see signs of an export-driven profits recovery.

The current exchange rate is excessive and will hit business confidence, said Mr Masaru Hayami, president of the Keizai Doyukai executives' association. Small and medium-sized businesses, which have not yet benefited from the economic recovery, will be especially hard hit, warned Mr Masafumi Onishi, chairman of the Osaka chamber of commerce.

The Bank of Japan, which intervened heavily in Tokyo trading, warned in its latest quarterly report that the yen's rise would intensify deflationary pressures, but said that the economy would stay on a recovery track.

The currency market upheavals would ensure that the pace of economic recovery would be moderate, said the report. Demand for Japanese exports, companies' progress in running down stocks of unsold goods and materials and the impact of income tax cuts were the main factors supporting growth, said the bank. However, bank lending was stagnating in spite of moderate growth in the money supply.

Among the main constraints on growth, the report cited the yen's rise, Asian competition and the decline in Japanese prices, plus companies' continued need to reduce debts.

Mr Kagehide Kaku, director of the bank's research and statistics department, warned that the yen's rise, while less strong than last year, would limit Japanese companies' domestic investment plans. It adds to the pressure on manufacturers to shift production to cheaper sites in neighbouring Asian countries.

Privatisation flop prompts rethink

By William Dawkins in Tokyo

Japan's finance minister yesterday confirmed that he is to review the government's method of pricing shares in companies to be privatised.

Mr Masayoshi Takemura's announcement comes in response to the unpopularity of the latest privatisation issue, Japan Tobacco, a cigarette making monopoly. "We must seriously look into the situation to see if there is any problem about the way we have taken in the past," he said.

The government has been left with 280,000 unsold shares out of the 666,666 it wanted to sell, a shortfall theoretically worth Y287.6bn (£1.8bn) at the Y1.438m per share offer price.

Nearly 70 per cent of the small investors who were allotted the right to buy shares forfeited their allocations because they felt they were overpriced.

This has brought to a head the growing criticism from Japanese as well as foreign securities houses over the finance ministry's unique method of setting prices for public share issues.

The ministry chooses the mid-price achieved in a pre-offer auction of one third of the shares to be issued. Typically, institutional investors and rich individuals tender for shares in this pre-offer auction, so that the mid-price risks being higher than the valuation the remaining two-thirds of investors would place on the company. The system was introduced at the end of the 1980s to prevent frauds, in which companies about to be listed would hand out cheap shares to powerful friends.

One alternative to the new rules, proposed by US and European business lobbies in Japan, is to adopt the "book-building" system used for most international issues, in which financial advisers use their discretion to choose a price after sounding out the main potential investors.

Brazilians wake up from a Real dream

The election over, the consumer boom has been brought to a sudden halt, writes Angus Foster

Millions of Brazilian consumers this week woke up from a dream they hoped would never end. After several months of falling prices and easy credit, the government announced a package of measures to clamp down on consumer spending before inflation reignited.

Since the July launch of a new currency, the Real, Brazilians have stocked up on goods ranging from cars to kettles. The Real reduced monthly inflation from 50 per cent to less than 2 per cent. Consumers, who found their wages were worth more, went on a buying spree.

Sales of TV sets in August were 75 per cent higher than in the same month last year. Mappin, a large department store chain, saw sales rise 20 per cent in September and the beginning of October. Poorer consumers found they could suddenly afford canned soft drinks, which fueled a surge in demand that has left supermarket shelves empty as Brazil has run out of aluminium cans.

The government was happy to let the spree go on because it helped the election chances of its candidate, Mr Fernando Henrique Cardoso, who planned the Real's launch. Once elected, the government was free to apply the brakes and cool the overheating economy.

The package of measures announced this week mainly involved reducing the period of credit for consumers. Families hoping to buy an oven or washing machine could spread the payments over 12 months. Now they have only three months to find the money.

By yesterday morning, the credit squeeze had started to have its desired effect. Mr Abrahim da Souza, a salesman at a big domestic appliance retailer in São Paulo, said his sales had fallen sharply. "People are still coming to ask for prices but when they hear about the new rules and the shorter credit periods, they are going away without buying anything," he said.

The government's other main target were the *consorcios*, or informal credit organisations, which are common in Brazil and other developing countries.

This is how the *consorcios* work: A family which wants to buy a car, but is not rich enough to get bank financing, goes to a *consorcio* organiser. The *consorcio* needs 100 members who agree to pay 50 monthly instalments each. Every month two members get their car, one by pre-arranged rota, the other by drawing names from a hat. At the end of the period, all the members have a car, and the *consorcio* organiser is left with a fat profit.

The government has now announced a ban on *consorcios* buying household goods and imposed a reduction from 50 months to 12 months for *consorcios* buying cars. . The results are likely to be dramatic.

According to the Association of Brazilian Consorcio Companies – which may exaggerate the figures a little to lift its political clout – 3.9m Brazilian families belong to *consorcios*. Last year the industry recorded sales of $5.7bn. Before the new government measures, it had expected sales to reach $7bn this year.

Mr Luiz Favean, who works for one of Brazil's biggest *consorcio* organisers, Remaza, says sales of the cheapest cars, which cost about $9,000, will be severely affected by the government move. "With a 50-month payment period, poorer families earning $700 to $800 a month were able to afford a car, but now they are not," he said.

In the Extra supermarket near São Paulo's Paulista Avenue, many shoppers were angered by the new measures. One woman, who had been mulling over buying a fridge using the store's *consorcio* organiser, reacted with frustration then resignation when told that the government had banned new *consorcios* from buying domestic goods. "Our governments always stop workers from improving our lives," she said. Asked what she would do next, she said: "Waste the money on the lottery instead."

This is a popular complaint, and a dangerous one for the incoming president. In recent years, each time a government has managed briefly to reduce inflation, it has triggered a wave of consumer spending which has then led to a clampdown.

Brazil has the one of the world's biggest gaps between the haves and have-nots and poorer people may feel they have been tricked once again. The dream period which coincided with Mr Cardoso's election campaign is over. Brazil's consumers now face the hangover.

IAEA grapples with North Korea accord

By Peter Montagnon, Asia Editor

The board of the International Atomic Energy Agency (IAEA) is to meet in Vienna on Tuesday for a first informal attempt to decide whether and how the US-North Korean nuclear agreement can be handled within the framework of the Nuclear Non-Proliferation Treaty.

North Korea plans to remain within the treaty, from which it had previously threatened to withdraw. But there will be a delay of several years before the agency can have full access to its nuclear sites and before it can examine spent fuel to verify how much plutonium the country possesses. This would put it in non-compliance with the standard treaty agreement, the IAEA said yesterday.

The agency's belief that North Korea had not disclosed the full size of its plutonium stockpile and its inability to gain access to two suspected processing sites sparked the row which led to yesterday's agreement between Pyongyang and Washington. Neither problem has been resolved in the short term.

IAEA members are likely eventually to endorse the deal, but this will require complex legal drafting to ensure the precedent set by North Korea's non-compliance is insulated from the rest of the non-proliferation treaty and cannot be repeated.

"We're not oblivious to the wider importance of bringing North Korea into the world community," an IAEA spokesman said.

"We're not being doctrinaire, but the fact of life is that our organisation is the guardian of the integrity of the system of inspection."

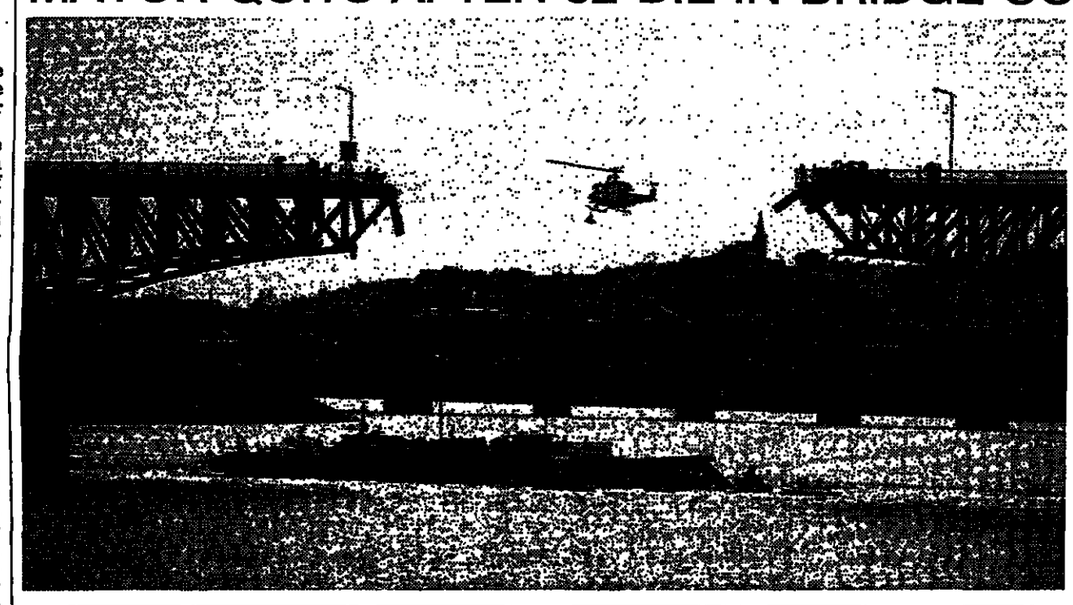
Although the IAEA regards the North Korean case as "a troublesome precedent", its director general, Mr Hans Blix, also wants to make the agreement a success as it does at least involve a North Korean commitment to halt its present nuclear programme.

Some European countries are likely to have reservations at Tuesday's meeting about appearing to reward with finance and new technology a country that has flouted the treaty's rules.

Strict standards have been set in the past as, for example, in the early 1980s when Germany stopped construction of a nuclear reactor that Iran had already paid for.

The main voices in the non-proliferation treaty remain the US, UK and Russia. Once they have formed a consensus, other signatories, numbering some 160, would probably fall in line.

MAYOR QUITS AFTER 32 DIE IN BRIDGE COLLAPSE



The mayor of Seoul resigned yesterday after a 48-metre stretch of a motorway bridge over the Han River collapsed during the morning rush hour, killing at least 32 people, writes John Burton in Seoul.

City authorities were blamed for poor maintenance of the Songsu bridge (pictured left), one of the most heavily used in Seoul.

Dong-ah Construction, Korea's third largest engineering company which built the bridge in 1979, said the bridge may have deteriorated because traffic use exceeded its design specifications. It said its legal responsibility to repair any defects had lapsed in 1984. Several other bridges in Korea have collapsed in recent years due to sub-standard work. The government may soon allow construction supervision by foreign companies to prevent future accidents. Authorities are expected to increase safety inspections of public infrastructures.

Wonder lightbulb saves energy

By George Graham in Washington

US energy department officials are beaming over a new sulphur light bulb they have helped develop which could prove "a major technological breakthrough in lighting".

The new bulb, invented by Fusion Lighting, a Maryland company, and developed under a government contract, is being tested at the energy department's Washington headquarters, and could be commercially available next year.

It is suitable for lighting large areas, both indoors and out, can save large amounts of energy, and delivers more and better quality light.

The light works by heating a small quantity of sulphur inside a quartz sphere smaller than a golf ball with the same sort of energy produced by a microwave oven. This produces as much light as 250 100-watt household bulbs.

In its test the energy department has replaced 240 mercury lamps at its entrance with just two of the new sulphur bulbs, shining into opposite ends of a 240-foot long "light pipe". The light is reflected down the tube, escaping through holes at regular intervals to produce four times as much illumination while cutting energy use by two-thirds.

Another test at the National Air and Space Museum shows substantial, though less dramatic cost savings. It also produces much less ultraviolet light or heat, both of which damage the museum's exhibits, than conventional lamps.

Because the sulphur bulb has no electrodes, its developers expect it to have a longer life than conventional lighting, although other experts want to see this confirmed in the tests.

"Light output does not diminish over time and the life of the sulphur bulb is potentially limitless," the energy department said.

The sulphur bulb also produces a white light containing all the colours of the rainbow, closely simulating sunlight, unlike the harsh colours produced by other electrode-less lamps generally used for street lighting, such as sodium vapour or mercury lamps. The absence of highly toxic mercury also makes a spent bulb much easier to dispose of.

Israel shells guerrillas in Lebanon

By Julian Ozanne in Jerusalem

Israel shelled suspected Islamic guerrilla positions in south Lebanon yesterday after a wave of rocket attacks struck northern Israel.

Mr Uri Lubrani, Israel's co-ordinator for Lebanon, said there was no evidence to suggest a co-ordinated military operation between Hamas, the group responsible for Wednesday's bus bombing in Tel Aviv, and Lebanon's Iranian-backed Hizbollah or Party of God, which sent five waves of Soviet-made missiles into Israel. The missile attacks forced residents of northern areas into bomb shelters.There were no reports of casualties.

Mr Lubrani said there was a union of purpose between the two groups and Tehran to strike terror in the heart of Israel and derail efforts at Middle East peace. "They are a tumour – a malignant tumour – which pollutes Islam and they are dedicated to the destruction of the peace process," he said.

Amid escalating violence between Israel and its Islamic opponents inside and outside the Holy Land, a senior Iranian spiritual leader said yesterday the Hamas bus bomb which killed 21 people in Tel Aviv showed that peace pacts between Israel and Arab leaders could not solve the Palestinian problem.

Ayatollah Ahmad Janati said peace agreements had no impact on the continuing struggle between Israel and "the Moslem people" and he attacked the Palestine Liberation Organisation for arresting Hamas activists. The PLO, he said, "has turned into an Israeli tool to suppress the Moslems".

In Israel signs of the deep social divisions left after this week's bus attack were apparent as right-wing Israelis shouting "Death to Arabs" clashed with peace supporters holding a vigil at the site of the attack in the commercial centre of Tel Aviv.

Police had to separate the two groups after several peace demonstrators were beaten up.

Despite the violence Israel reaffirmed yesterday it would continue peace talks with the PLO.

Mr Shimon Peres, the foreign minister, is to meet PLO representatives in Cairo tomorrow. Officials said the two sides would discuss recent attacks by Hamas guerrillas and ways to ensure progress in stalled talks over the long delayed transfer of power from Israeli to Palestinian hands in the occupied West Bank.

Discussions will also centre on plans to hold Palestinian elections.

The talks will be marred by Israel's closure of the Gaza Strip and West Bank and its recent talk of tough security measures against Hamas.

While an opinion poll showed yesterday that 80 per cent of Israelis favour a permanent closure and stringent security measures against Hamas, some Israelis believe the government must adopt a political rather than military strategy.

Mr Alon Ben-Meir, professor of international relations at New York University, criticised Israel yesterday for trying to exclude Hamas from Palestinian elections. In an article in the Jerusalem Post, Prof Ben-Meir said Hamas represented Palestinians with genuine political grievances which needed a political solution.

INTERNATIONAL NEWS DIGEST

Keys takes up business role

Gencor, the South African mining house, yesterday announced that Mr Derek Keys, former South African finance minister and a former chairman of Gencor, had accepted the chairmanship of Billiton, the international resources company purchased by Gencor from Shell in July for $1.3bn (£800m). Mr Keys was regarded as one of Gencor's most successful chief executives and the announcement, at Gencor's annual general meeting in Johannesburg, won approval from shareholders. It will help allay analysts' concerns about the difficulties of consolidating Billiton's diverse operations into a single company. It also ends speculation on Mr Keys' future, after he stepped down as finance minister last month following two years in office. Mr Keys, who will be based in London, said he was very optimistic about Billiton's prospects. *Mark Suzman, Johannesburg*

UK promotes finance in Beirut

A delegation from the City of London begins a two-day visit to Beirut on Monday to promote British financial services. The visit is organised by British Invisibles, a group promoting UK trade, which last week ran a similar trip to Russia coinciding with the Queen's visit. The delegation is headed by Mr John Manser, chairman of Robert Fleming – soon to open an office in Beirut – and includes representatives from the London Stock Exchange, Schroeder Asseily, Coopers & Lybrand, Samuel Montagu, Morgan Grenfell, Baring International Finance and Crédit Lyonnais Rouse. Mr George Asseily, a Lebanese-born director of Schroeder Asseily, says the Lebanese government could be aiming to raise up to $800m on international markets over the next year. *Jimmy Burns, London*

Moslem sect leader recants

Al Arqam, the Moslem sect banned by the Malaysian government, was yesterday formulating its response to a TV appearance by its leader, Mr Ashaari Mohamad, in which he appeared to go back on his beliefs. Mr Ashaari, answering questions from a panel of Malaysian Islamic scholars, admitted deviationist beliefs and promised to try to change the minds of followers whom he had misled. Al Arqam, which says it has 100,000 followers in Malaysia and more in the region, was banned in August for spreading what the government called deviationist Islamic teachings. About 55 per cent of Malaysia's population are Moslems. Mr Ashaari and six other Al Arqam members were arrested last month under Malaysia's Internal Security Act. *Kieran Cooke, Kuala Lumpur*

Ecuador minister impeached

Ecuador's parliament has impeached energy minister Francisco Acosta, a key minister in the cabinet of President Sixto Durán Ballén. With 58 out of 72 parliamentarians in favour, Mr Acosta was voted out of office on charges of negligence, mismanagement and illegal conduct. The opposition's accusations centred on the proposed construction of a $600m oil pipeline. *Raymond Collett, Ecuador*

More heat than light in Nepal power wrangle

World Bank is worried about effects of a campaign against a hydroelectric scheme, writes Frank Gray

The World Bank's ability to continue backing large-scale power projects in the developing world is facing a crucial test as a result of environmentalists' opposition to a proposed Arun III hydroelectric scheme for Nepal.

The government scheme is being strenuously opposed by such non-governmental organisations (NGOs) as the US-based Environmental Defence Fund and the International Rivers Network, as well as the Arun Concerned Group of Nepal.

The IRN and the ACG have announced plans to file a motion before the Bank's newly created three-member inspection panel. The motion will call for the project to be shelved on the basis that it is "in violation of Bank policies and procedures".

The motion will be the first to be handled by the panel, which was set up in the wake of controversy surrounding the Bank's backing for the Narmada Dam multi-purpose hydro project in India.

Under intense criticism by such groups as the IRN and

Britain's Overseas Development Administration, the Bank last year took the unprecedented step of suspending its support for the 1,450MW dam and irrigation complex in north-west India, which involved the resettlement of at least 100,000 people. This meant the suspension of the remaining $175m (£107m) of a total of $450m in Bank commitments to the scheme.

The criticism of the Indian project centred on the way the resettlement was being handled, including claims of cruelty to those being resettled, inadequate compensation, lack of Indian government compliance with Bank project guidelines and lack of Bank enforcement of the guidelines.

Mr Joseph Wood, the Bank's vice-president for south Asia, in a recent interview said the Nepal and Indian projects *could not be compared*.

Arun III calls for initial construction of a 201MW run-of-river hydroelectric scheme, which will involve the displacement of only 155 local families and will not require construction of a reservoir.

The fall-out from Narmada and the criticism of Arun are causing worry within the Bank about its future involvement in large-scale energy projects.

Long delays to Arun might prove fatal, senior Bank officials admitted. The Bank had already delayed financing approval several times as a result of outside pressure, and now was hoping to get its board approval by November 3, by which time all financing from partner agencies should have been arranged.

Under the proposal, the Bank would provide a 30-year, $140.7m loan to the Nepal Electricity Authority. A further $34.3m is also available under an existing Bank facility. A total of $478m would be arranged through various bilateral agencies from France, Sweden, Finland, Japan as well as the Asian Development Bank. The Nepalese would contribute $443m, bringing the total cost to $1.09bn.

Japan's contribution to the fund is crucial for the project but it is moving cautiously because of its embarrassment over its involvement in Narmada and is therefore conducting an independent assessment of the scheme. .

The protest groups want to delay the project beyond November 13, the date of Nepalese national elections, and hope to see it supplanted by a more environmentally compatible complex of smaller dam schemes around the country, some as small as 10MW.

Mr Gopal Siwakoti, ACG spokesman, says his group was not consulted sufficiently, parliament did not properly debate the project, and Bank and government authorities been have slow to provide project documents. He added that even if parliament was to approve the project following an open debate, the group would still oppose the scheme in favour of its alternative plan for smaller dams.

Mr Siwakoti added that the project was 150 per cent more expensive than comparable power schemes elsewhere and would lead to substantially higher tariffs.

Mr Wood, in response, said that numerous talks had been held in Nepal and abroad. He stressed that the Bank was supporting what was a Nepalese government proposal, not a Bank proposal.

He said that the NGOs' alternative power strategy would produce less electricity and would not be significantly cheaper. There had been much debate, both in parliament and in public, and the issue had been well reported in the local media. "Even the Communist party is not opposed to the scheme," Mr Wood said.

There had been some disagreement within the project evaluation team and the original road design had been changed.

He emphasised that the country was now in the grip of regular power cuts. The capacity of Arun Dam, to be completed by 2001, would establish a healthy domestic power source, nearly doubling capacity from the current 241MW.

"This will make a hell of an impact on tourism, on service industries, light manufacturing such as carpet-making and on agriculture... We want to see more done with social infrastructure. We say electricity will help."

The opponents have made it clear they will work to delay the scheme in hopes of making it uneconomical. The Bank says that a one-year delay has already added $25m to the cost of the project.

Frank Gray is editor of Power in Asia, a Financial Times energy newsletter.

Blair to pledge overhaul of pensions and benefits system

By Philip Stephens, Political Editor

Mr Tony Blair will next week launch a determined attempt to shake off Labour's image as the party of high welfare spending by embracing plans for a radical overhaul of the state pension system and significant changes in social security benefits.

A proposed shake-up of state pensions would allow the Labour leader to drop previous spending pledges while sticking to its commitment to raise substantially the income of the poorest pensioners.

Mr Blair plans to endorse the main principles of a report prepared by the independent Commission on Social Justice which calls for a new drive to tilt the benefit system towards work incentives and for the integration of the tax and benefit systems for pensioners.

The report, commissioned by the late John Smith, will be published on Monday after two years of study by a group led by Sir Gordon Borrie.

It will coincide with the publication by the government of its plans to channel more people back into the jobs market through the replacement of Unemployment Benefit with a Job Seekers' Allowance. The new benefit will be paid for only six months rather than 12 months and will carry a much tougher obligation on the claimant to seek work.

At a conference to launch the report Mr Blair will indicate that the details must be subject to a wide-ranging debate within the party. But he will embrace the central conclusion that a Labour government should concentrate resources on moving people from welfare dependency into work.

The planned pensions change, involving the establishment of a "minimum retirement income" for those entirely reliant on the state, would allow the party to drop its past commitment to re-establish a link between state pensions and earnings. That pledge – made at the last three elections – would involve several billions in additional public spending.

By focusing on providing a "top-up" for the poorest 2m pensioners through the guaranteed minimum income, Mr Blair could justify downgrading the role of the state pension in meeting the party's social ambitions. The proposed switch, however, will attract Conservative claims that all pensioners will be means-tested because everyone would be obliged to complete a tax/benefit form on retirement.

The commission's recommendations on promoting work rather than welfare focus on changes to the unemployment, income support, and family-credit benefits to smooth out the poverty traps which at present discourage claimants from re-entering the employment market.

Among the specific proposals is a scheme under which benefit payments would include a "guaranteed" element which the unemployed would be allowed to keep when they took part-time or low-paid jobs. Another suggestion would be to allow the jobless to keep all of their unemployment benefits for a limited period after returning to the labour market.

The report is expected to recommend that a future Labour government retain the principle of universality for the state pension and child benefit. But it leaves open the option of extending the tax net to cover the latter.

Gross domestic product ahead by just 0.7% as industrial production slows

Growth slips in third quarter

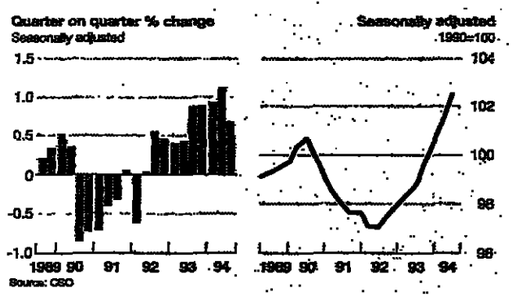
By Philip Coggan, Economics Correspondent

A slowdown in industrial production caused the pace of economic growth to slip in the third quarter of 1994, according to a preliminary estimate released by the Central Statistical Office yesterday.

Gross domestic product grew a seasonally adjusted 0.7 per cent in the third quarter, down from a growth rate of 1.1 per cent in the previous three months. On an annual basis, GDP was 3.6 per cent higher than in the third quarter of last year 1993. The annual growth rate in the second quarter was 3.8 per cent.

A decline in the pace of third-quarter growth had been widely expected after figures were published earlier this month showing a fall in manufacturing output in August. The decline may reduce the enthusiasm of the Bank of England for further increases in interest rates – the pace of GDP growth in the second quarter was one of the factors cited as being behind last month's rise in base rates from 5.25 to 5.75 per cent.

GDP: rise and fall



Mr Kevin Darlington, UK economist at stockbrokers Hoare Govett, said: "In our view, the third-quarter slowdown is not a downblip in a still-fast trend but the first sign that activity is set to decelerate over the next year."

According to the Central Statistical Office, the service sector grew at a quarter-on-quarter rate of 0.8 per cent, slightly higher than its growth rate in the second quarter. The strongest service sector was transport and communications, with air transport and telecommunications being particularly robust.

However, the rate of growth in the production industries has shown signs of slowing. The office said that over the three months to August production had risen at a quarterly rate of 1 per cent, compared with a rate of 2 per cent in the second quarter. There were signs that growth had slowed even further in September. It was likely that, between the second and third quarters, production grew by less than 0.7 per cent.

The Central Statistical Office said the slowdown in industrial production was partly due to a weak engineering sector and partly reflected the effects of the Milford Haven fire and other oil-refining problems.

Rising North Sea oil and gas production have been an important part of the recovery. However, even if oil and gas are excluded, GDP grew 0.7 per cent in the third quarter and was 3.2 per cent higher than in the same period a year ago. Overall GDP is now 2.6 per cent above its pre-recession peak in 1990, or 1.8 per cent if oil and gas are excluded.

Trade gap with non-EU countries rises to £349m

By Motoko Rich

Exports to countries outside the European Union fell slightly last month after a record in August, although underlying trends indicated a continuing reduction in the trade deficit.

A fall in exports of aircraft contributed to an overall rise in the non-EU trade deficit to a preliminary £349m in September from a revised £289m in August, as export values fell 1 per cent on the month, the Central Statistical Office said yesterday.

But excluding oil and erratic items such as aircraft as well as precious stones, ships and silver, the trade deficit eased to £364m last month from an upwardly revised £389 in August. Export volumes rose 0.5 per cent and import volumes fell 0.5 per cent.

In the three months to September the deficit of £1.02bn was the lowest since the first quarter of 1988. Export volumes were at record highs in the third quarter, up 3.5 per cent on the previous three months while imports were up 0.5 per cent.

The growth in export volumes during the quarter covered all industrial categories except fuels. In finished manufactures, the 1.5 per cent quarterly gain was entirely due to an oil-rig accommodation platform sold to Norway. A one-off sale of rapeseed to Japan boosted the basic-materials category by 9 per cent in the three months to September compared with the previous quarter.

However, sluggish demand hit imports of consumer goods, particularly cars.

Economists highlighted a fall in import prices during the third quarter and said such price cuts could threaten the improvement in the trade deficit.

In the three months to September import prices excluding oil fell 0.5 per cent compared with the previous three months.

Mr Jonathan Loynes, UK economist at Midland Global Markets, said: "Foreign exporters to the UK are learning the same lesson that UK retailers have learned – if they want to protect volumes they have to decrease prices."

VALUE OF TRADE WITH NON-EU COUNTRIES
Balance of payments basis, seasonally adjusted (£m)

	Exports	Imports	Balance	Ex oil and erratics* Exports	Imports	Balance
1992	48,774	66,430	-8,656	40,687	48,124	-7,437
1993	57,469	66,724	-9,255	50,036	57,415	-7,379
1993 Q4	15,218	16,856	-1,638	13,583	14,979	-1,396
1994 Q1	15,323	17,430	-2,107	13,263	15,217	-1,954
Q2	15,685	17,186	-1,501	13,571	15,178	-1,607
Q3	16,192	17,214	-1,022	13,965	15,143	-1,178
April	5,250	5,701	-451	4,511	5,079	-568
May	5,126	5,768	-642	4,494	5,053	-559
June	5,289	5,697	-408	4,566	5,046	-480
July	5,415	5,799	-384	4,595	5,020	-425
August	5,429	5,709	-289	4,658	5,047	-389
September	5,357	5,706	-349	4,712	5,076	-364

*Defined as ships, aircraft, precious stones and silver. Source: CSO.

Analysts remarked on a fall in exports to North America, one of the most important markets for British products. In the three months to September, exports to North America fell 4.5 per cent compared with the previous three months after rising 2.5 per cent in the three months to August. But the CSO said this was mainly due to very high oil exports to North America in June.

Others said the growth in exports to developing economies was more significant.

Fowler urges probe over MPs' interests

By David Owen

A former Tory cabinet minister last night called for a wide-ranging independent inquiry into MPs' outside interests as an influential Commons committee prepared to consider the alleged non-registration of a 1987 visit by Mr Neil Hamilton, corporate affairs minister, to a luxury Paris hotel.

Sir Norman Fowler, who stepped down earlier this year as Tory party chairman, said the inquiry should be modelled on the Cadbury committee set up to consider questions of corporate governance.

Sir Norman told his constituency association that it had been "a bad week for parliament" and action was needed to assure the public that MPs' conduct was governed by "proper and sensible rules".

Sir Norman said: "We do not need a committee of inquiry to tell us that putting down questions for payment is wrong; that is self-evidently the case.

"But it is quite clear that ... some politicians do not intend to let the matter rest there. We should not allow the agenda to be set by political muckrakers. We should [recognise] that there is legitimate public concern."

Sir Norman's remarks came as Mr Alex Carlile, Liberal Democrat MP for Montgomery, made a formal complaint, demanding a Commons investigation into Mr Hamilton's hotel visit, alleged to have been paid for by Mr Mohamed Fayed, owner of the hotel and Harrods, department store.

In a letter to Sir Geoffrey Johnson Smith, Tory chairman of the select committee on members' interests, Mr Carlile referred to reports in The Guardian newspaper about the visit by Mr Hamilton and his wife. Mr Carlile said the "non-registration of that interest has ... never been investigated or ruled upon by your committee", despite "reports to the contrary".

Mr Michael Mates – the former Northern Ireland minister who left the government over his links with fugitive businessman Mr Asil Nadir – is considering suing some newspapers for libel.

Solicitors Denton Hall, for Mr Mates, said yesterday that a number of articles had contained allegations of parliamentary or financial irregularity or moral impropriety by MPs and some had referred to Mr Mates in this context.

"Mr Mates takes the greatest exception to such inferences since at the time of his resignation both the prime minister and the attorney-general specifically stated that he had acted with complete propriety," Denton Hall said.

Downing Street said on Thursday that Mr Hamilton's visit had been looked at by the committee. Tory party managers had been told by the chairman that it was taking no action. But senior Whitehall officials have acknowledged that the committee had not produced a formal report.

Mr Terry Lewis, Labour committee member, said yesterday that Bob Cryer, the late Labour MP, had raised Mr Hamilton's hotel bill in committee but his recollection was that there was no investigation.

Mr Carlile's letter will be discussed by the committee at its next meeting – a date for which has yet to be set.

Rebels set to scupper Royal Mail sale

Tory opponents of the privatisation of the Royal Mail yesterday stepped up their campaign to force the government to abandon the proposed sale by tabling a formal Commons motion demanding it be kept in the public sector, Philip Stephens writes.

With a divided cabinet expected to decide next week whether to press ahead with the sale, eight Conservative MPs signed an early day motion voicing concern that privatisation would lead to closures of rural post offices.

The opposition of the eight MPs would be sufficient to overturn any legislation in the Commons where the government has an overall majority of just 14.

Tory party managers have warned Mr John Major that several other MPs are also threatening to vote down the privatisation plan in favour of moves to keep Royal Mail and Post Office Counters intact in the public sector. The rebels believe the government could meet mounting international competition by giving the Post Office greater commercial freedom.

Mr Richard Ryder, the chief whip, and Mr Tony Newton, the leader of the House, are both understood to have told the prime minister they could not guarantee sufficient votes.

But Mr Michael Heseltine, trade and industry secretary, and Mr Kenneth Clarke, the chancellor, are insisting that the government should face down the rebels. The two ministers, backed by several cabinet colleagues, believe that enough opponents can be won over to guarantee passage of the legislation.

Cabinet supporters of the sale are arguing also that an embarrassing U-turn over the issue would allow the opposition to brand Mr Major's government as a "lame-duck" administration unable to win its business in parliament. They believe some Ulster unionist MPs, who are formally opposed to the sell-off, might decide to abstain on any key votes.

Newspaper cuts 'not predatory'

Sir Bryan Carsberg, director-general of Fair Trading, yesterday rejected allegations that price cuts at The Times and The Daily Telegraph amounted to predatory behaviour.

Sir Bryan said an inquiry had not established a case for formal action under competition legislation.

The cuts have had wide-ranging effects on other newspapers and did not appear to be targetted at a particular title, the OFT decided.

The latest circulation figures show that average sales of The Times between April and September were 549,770, a rise of 46.4 per cent on the same period last year. Apart from a small seasonal dip in August the paper's sales rose in each of the past six months and totalled 607,143 in September.

The 30p Daily Telegraph appears to be stable at 1.091m, while The Independent's average circulation for the six-month period was 276,259, a drop of 17.78 per cent on the same time last year. Since it cut its cover price to 30p sales have risen by about 30,000. In August sales were 289,403 while last month they were 290,031.

Staff at Yorkshire TV agree terms

Employees of Yorkshire Television who had resisted new cost-cutting terms and conditions agreed to them yesterday.

The terms include an end to premium overtime rates and flexible rostering.

Jury out for night

The jury in the Brent Walker fraud trial spent a fifth night in an hotel last night after failing to reach verdicts yesterday. It will resume its deliberations today.

Jaguar workers send a restive signal

Robert Taylor on why observers fear the car industry may be courting wage-driven inflation

Jaguar car workers' sudden rejection yesterday of a two-year pay deal may be partly due to the shop floor's alleged discontent over the introduction of compulsory overtime work to meet rising orders.

But many observers also believe it reflects the first signs of a restive mood across parts of the British workplace as the economic recovery gathers pace and workers start to improve their bargaining strength.

Earlier last week Mr Howard Davies, the director-general of the Confederation of British Industry, warned member companies about the dangers of increasing unit labour costs and urged them to keep a firm grip on their non-wage employment budgets

The car industry in Britain – beyond Jaguar – is turning into a cause for concern for those worried by the dangers of wage-driven inflation.

Both the Rover group and the trade unions remain confident that the company's 28,000 employees will accept a two-year pay offer negotiated for them last week.

This involves 3.7 per cent basic rate increases from November 1, with a further 4 per cent, or the equivalent of the inflation rate if higher, from November 1 1995. Rover workers with a full attendance record are to receive payments of £150 in their pay packets this month through the company's profit-share scheme.

Jaguar workers' rejection a pay deal may be partly due to discontent over compulsory overtime

The size of the deal has surprised some observers but it reflects the new optimism in the group about its market prospects.

Two other car companies – Nissan and Peugeot Talbot – are due to seek two-year agreements with their unions shortly and they are under pressure to reach deals in line with that of Rover.

The rest of the vehicle sector is not involved in wage negotiations this year. But Ford is due to increase pay by at least 3.5 per cent next month in the second stage of a two-year wage agreement while Vauxhall paid out a 3 per cent improvement in September in a similar two-year deal.

Both Honda and Toyota have one-year agreements and neither expire until April. This year their employees received pay rises of 3.7 per cent and 4.3 per cent respectively.

But the widespread use of two-year wage agreements in the car industry is building leap-frogging tendencies between the companies. "A 4 per cent rise is already a benchmark for next autumn's negotiations," said Mr Alistair Hatchett, editor of Incomes Data Report, yesterday.

The steady upward pressures on pay are by no means confined to the car industry. A number of settlements over recent weeks suggest rises are moving above 3 per cent as companies adjust their offers under the threat of industrial conflict. These include:

- A 3.5 per cent plus £325 lump sum deal from October 1 for manual workers at British Aerospace's plant at Woodford in Cheshire after a 24-hour stoppage by operators.
- Anglesey Aluminium has increased pay by 4.7 per cent at its Holyhead plant after an earlier offer was turned down by the workforce.
- Honeywell Controls Systems in Motherwell has reached a two-year deal with 4 per cent from this month plus 1.5 per cent next March and the next deal to be from March 1 1996.
- Employees at Westland Helicopters have received 3.25 per cent pay increases after a number of groups staged one and two-day strikes.
- Britannia Airways improved its pay offer for 1,400 cabin staff after a strike ballot vote with a guarantee no rises would be less than 3 per cent.

Mr Davies sees this as a "creeping" rise in the wages trend above the inflation rate and level of productivity improvements.

Waldegrave plans tough 'green' farm measures

By Alison Maitland and Deborah Hargreaves

Mr William Waldegrave, the agriculture minister, is discussing controversial proposals to force European Union cereal farmers to adopt environmentally friendly practices in return for the £3.1bn payments they receive each year as compensation for cuts in grain prices.

Mr Waldegrave described the proposals – which would need approval from Brussels – as a "complete revolution" in how a large part of the European Union's farm spending is allocated. "I'm sure it's right and sensible for farmers to widen the base of their subsidy to take account of environmental conditions. It helps to explain to the public why they are paid," Mr Waldegrave said.

He added there would be a lot of hard negotiating before headway was made on the idea. He will also face opposition from British farmers who fear environmental conditions would not be implemented by other EU countries, leaving the UK at a disadvantage.

The National Farmers' Union said: "Our primary concern is the extra cost such a policy would impose on UK farming businesses when we are competing with other European countries which don't have those costs."

Britain has already imposed over-grazing penalties on livestock farmers as a unilateral measure. Although Mr Waldegrave said he would like to see environmental conditions applied across the EU, he did not rule out applying them unilaterally.

Ministry officials met representatives of the National Farmers' Union, the Country Landowners' association, which represents many farmers; and conservation bodies, including the Council for the Protection of Rural England and the Royal Society for the Protection of Birds, earlier this week to discuss how environmental conditions could be attached to cereal payments.

The discussions centred on a scheme that would involve farmers protecting environmental features of their land such as hedgerows, ponds, dry-stone walls and wildlife habitats in return for subsidies. But Mr Waldegrave wants to avoid too much bureaucracy or intrusive inspections.

Mr Ben Plowden of the Council for the Protection of Rural England said: "As an absolute minimum, while farmers are in receipt of substantial sums of public money, they shouldn't be causing further damage to the environment." He added that 3,500km of hedgerows each year are still being lost in England and Wales, while the Royal Society for the Protection of Birds has warned about the decline in common farmland birds.

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Paisley condemns PM's initiative

By John Murray Brown

The Reverend Ian Paisley offered his own typically unflattering interpretation of Mr Major's speech yesterday, accusing the prime minister, not for the first time, of reneging on his word. If Ulster's jigsaw is ever to be complete, Mr Paisley and his Democratic Unionist party represent one piece that still has to find a home.

In contrast to the warm welcome from across the community for Mr Major's initiative to bring Sinn Féin into exploratory talks, a statement by Mr Paisley issued from the DUP's Belfast headquarters even before the prime minister had made his address at the Europa Hotel – described the speech as "another victory for the IRA".

There are no doubt some people in the province's isolated rural communities who share this analysis. But as the peace process has inched forward, the perception grows that it is Mr Paisley, not so much hardliners on the nationalist side, who remains the obstacle to a agreement on a lasting peace.

Mr Paisley has warned, often in apocalyptic terms, that the Downing Street declaration and the ensuing peace process has put the union under threat. He, more than other Protestant politicians, is implacably opposed to any suggestion that Dublin has a role to play in Northern Ireland – the basis for the cross-border institutions envisaged under the framework document now under discussion between London and Dublin. As for reform of the 1930 Government of Ireland Act, this is almost an article of faith.

There are some who believe that Mr Paisley's deputy, the MP Mr Peter Robinson, may yet emerge as the voice of reason in broking a way to bring Mr Paisley in from the cold. But if that is the case, Mr Robinson's response to yesterday's announcement did not suggest a change of heart.

Increasingly Mr Paisley appears out of step. While Mr Major has assiduously courted the support of Mr James Molyneaux's Ulster Unionists, he has made little effort to win over Mr Paisley, whose intemperate outbursts, culminating in his expulsion from Number 10 on September 7, have made him appear increasingly isolated.

The tacit backing of Mr Molyneaux has been crucial in determining the pace at which Mr Major has proceeded. Even yesterday, in a statement aimed largely at nationalist opinion, Mr Major held out something for the unionists, with the proposal to restore what he called "local accountability". Dublin welcomed the proposal, but emphasised that this would be part of an overall agreement.

Exactly how Mr Major's proposed assembly will be different from, and more durable than, earlier failed experiments in local administration is hard to imagine. Here again, unionists are split. The DUP has long favoured a complete devolution of powers, but is boycotting the talks being held with Mr Michael Ancram, the Northern Ireland minister. Mr Molyneaux on the other hand has long argued that devolution is a dilution of the union and a step towards separation.

The road to a successful agreement is still strewn with pitfalls. If the main challenge for both Dublin and London is to get the Ulster Unionists and the moderate nationalist Social Democratic and Labour party together, moving ahead without Mr Paisley is fraught with danger.

It is doubtful that Mr Paisley and his supporters can cause the massive union disruption of the 1970s strike. But the heady Paisley cocktail of unionism and fundamentalist Protestantism still commands considerable popular support, particularly in rural areas of Antrim and North Down, his stronghold.

In Dublin at least, officials believe it is now the next big hurdle to peace to win the acquiescence if not the explicit support of Mr Paisley. The danger for Mr Molyneaux is that with Mr Paisley outside the process, Mr Molyneaux will face a barrage of attack. If the peace talks fail, Mr Paisley could re-emerge as the surviving stalwart of unionist interests.

Reuter

Protesting Democratic Unionist councillor Cedric Wilson was dragged away from the Europa Hotel

Major takes risks to boost confidence

By Philip Stephens, Political Editor

Recognition yesterday by Mr John Major that the IRA and its loyalist counterparts intend a permanent end to violence was accompanied by an extensive package of measures to restore normality to the province after 25 years of terrorism.

In his speech to the Institute of Directors in Belfast, Mr Major admitted he was taking risks on the IRA's intentions after its refusal to spell out explicitly that its campaign of violence had ended for good.

But he made clear that his aim was to create an environment in Northern Ireland which would make it difficult if not impossible for the IRA to return to violence.

Alongside the government's "working assumption" that the IRA ceasefire was intended to be permanent and its willingness to open exploratory talks with Sinn Féin before the end of the year, Mr Major listed a series of immediate confidence-building measures:

- All border crossings between the north and the republic are to be re-opened;
- The exclusion orders on Mr Gerry Adams and Mr Martin McGuinness of Sinn Féin have been rescinded. They are free to travel anywhere within the UK, provided they remain committed to the democratic process. Other exclusion orders will remain in place for the time being;
- Troop levels will be reviewed in relation to the threat but the government's "firm objective" is to return to exclusively civilian policing;
- The government will enter "at the appropriate time" into contact with loyalist paramilitaries and consider how the interests of such groups can be represented in the political talks process;
- A conference in Belfast in December involving investors from Britain, Europe, America and the Far East will aim to boost the flow of inward investment into the province. A task force is developing a new European Union initiative for Northern Ireland which will result in a substantial injection of "new money".

The prime minister said that the proposed talks with Sinn Féin would rest on the assumption that it continued to establish a commitment to "exclusively peaceful methods" and on the IRA's continuing to show it had ended terrorism.

Over the medium term there could be no assurance of peace until the paramilitaries on both sides had handed over their weapons. He intended to develop a joint approach with the Dublin government on the "deposit" and "decommissioning" of guns and explosives.

In a reference to the demands of republican groups for "self-policing" Mr Major insisted: "No groups will be allowed to take the law into their own hands. All sections of the community must have confidence in the police."

Turning to the framework document under discussion with the Republic to establish new relations between the two governments and between the north and south, Mr Major said it would be based on an "unshakeable" constitutional guarantee to the people of Ulster that they would decide their own future. It would be a basis for negotiations rather than a blueprint.

Meanwhile the British government would produce its own proposals for devolution of political power to a Northern Ireland assembly. The restoration of local accountability meant neither a purely internal solution, nor a return to domination of one side by the other, would achieve this.

Finally – and importantly – Mr Major reiterated that all proposals for the province's political future would be published before any negotiations between the political parties. The eventual settlement would be submitted to a referendum in the province.

Overall timing remains in doubt

By John Murray Brown

The prospect of exploratory talks with Sinn Féin starting before the "year is out" is about the only concrete date in Mr John Major's speech to the Institute of Directors in Belfast yesterday.

The timetable from here is hard to predict.

Mr Major and his Irish counterpart Mr Albert Reynolds are due to meet at Chequers on Monday to inject new momentum into the peace process. The Irish government in particular is keen to press ahead, and bring Sinn Féin into the democratic fold, concerned that a delay could play into the hands of hardliners in the movement opposed to the ceasefire.

Mr Reynolds expects to have his cross party Forum for Peace and Reconciliation under way at the end of the next week. One view in Dublin is that the forum may turn out to be a useful halfway house for Sinn Féin, in its spell of democratic quarantine, while the painstaking verification of the ceasefire and negotiation over surrender of IRA arms continues.

The next crucial date will be the publication of the framework document, which will seek to outline the "shared understanding on the elements of a settlement that is likely to receive widespread acceptance by the people of Northern Ireland". Officials hope it can be concluded by the year end.

The forum is expected to sit through to the autumn next year. If there is a UK cabinet reshuffle before the general election and a change in the secretary of state, that could delay the process for six months. With local elections in Northern Ireland in the meantime, one view is that substantive talks involving the British government and Sinn Féin may not take place before autumn 1997.

Work population faces mixed fortunes

By Our Belfast Correspondent

Ulster's so-called peace dividend will have mixed fortunes for Northern Ireland's workforce.

While the Industrial Development Board, the province's main jobs agency, has recently reported successes in attracting overseas investment, a number of local companies are experiencing difficulties in securing orders.

Harland and Wolff, the Belfast shipbuilder which currently employs 2,000 people, has said recently it is prepared to build a ship at a loss in order to protect continuity of employment.

Province-wide estimates suggest that employment in the security sector, which includes the Royal Ulster Constabulary and private security firms could fall by as much as 20,000.

Conversely, the tourism industry in Northern Ireland is expected to thrive on the prospect of peace.

At present the industry employs about 10,000 people and is worth about £130m to the local economy. It is felt these figures could double if peace is genuine.

It has always been clear that the achievement of peace would lead to a reassessment of public spending priorities in the province.

Yesterday the Northern Ireland Economic Council, in its Autumn Economic Review made clear that the government should not consider removing money from Northern Ireland.

Its report said: "To argue that 'peace' will bring more costs than benefits seems perverse in the extreme ... What is important is that the adjustment problems that will arise are dealt with carefully, sensitively and gradually.

"With regard to the substantial opportunities that would open up in the longer term, it is imperative that these are exploited to the full."

The report maintained that the latest economic indicators appeared to suggest that local manufacturing output was continuing to outperform Britain.

Sinn Féin aims to unite in unarmed struggle

Jimmy Burns says hardline elements could still jeopardise the ceasefire

An early public reaction from Sinn Féin vice president Mr Martin McGuinness yesterday gave a broad welcome to Mr Major's announcement as a further step towards peace. "A move in the right direction. It is quite clear we must build up on all this," he said.

However, intentions notwithstanding, there is no certainty yet that the latest measures will banish for ever the prospect of a resumption of IRA violence. This was the view yesterday of republican insiders who are sensitive to the strains within Sinn Féin and the IRA after the IRA's organisation's ceasefire declaration seven weeks ago.

In the coming days, the Sinn Féin leadership will aim to reassure rank and file republicans that Mr Major's announcements show there is political advantage to be gained from a cessation of violence.

What Sinn Féin leaders have dubbed the "unarmed phase of the struggle" has paved the way for a reopening of border crossings, the prospect of exploratory talks with the British government by Christmas and the lifting of exclusion orders on Mr McGuinness and Gerry Adams, the party's chairman.

These measures have been high on the list of republican demands since the ceasefire. But the Sinn Féin leadership realises that it has to continue to be seen to be gaining political ground in the coming weeks if it is to contain the restlessness of hardline elements linked to the IRA.

If and when it comes to talks with the government it will aim to secure further concessions from the British government. At the same time it will seek to avoid taking any further unilateral moves towards demilitarisation which may risk a damaging split within the republican movement. The IRA is not about to give up its arms.

Within republican circles, there has been some optimistic talk – both before and since the IRA ceasefire – of a new, strengthened nationalist consensus emerging from the current peace process.

At the same time, there is a sceptical view that the British government is stringing the IRA along, holding out olive branches while aiming to undermine the republican movement both politically and militarily.

Writing in the latest issue of the influential Irish political magazine Fortnight, former IRA political prisoner Mr Anthony McIntyre says: "The ceasefire has come and gone, and the British have not gone ... while an imaginative step by the republican leadership, it will be a major achievement for them to avoid this ceasefire being more disastrous than the last. The lesson of history is simple: prolonged ceasefire sounds the death knell for republican struggle."

For the moment, there is little indication of the republican leadership abandoning its public commitment to the peace process. Both Mr Adams and Mr McGuinness are thought to still be holding the IRA army council to the belief that any resumption of violence in the immediate future would torpedo the chances of talks before Christmas.

But it is widely recognised that the next stage of the process will severely test the limits of republican patience. In his public appearances in recent weeks, Mr Adams has noticeably been increasing his demands for a withdrawal of British troops. He has also been uncompromising on the question of consent, rejecting the unionist position that Northern Ireland's future should be settled by the people of the province.

After yesterday, the stage may be set for early talks between Sinn Féin and the government. But republicans are gearing up for some hard bargaining from which they expect results not defeats.

City defence to stay for two years

By Jimmy Burns

The Corporation of London yesterday said it expected security measures to protect the City from IRA attacks to stay in place for "two to three years".

Mr Michael Cassidy, the chairman of the Corporation's policy and resources committee, said: "The intelligence we have is that the IRA is continuing to move weapons and equipment around, and the City of London remains a prime potential target, much more than any other part of the country."

While there has been a relaxation of armed police checks in London since the ceasefire, Mr Cassidy said that businesses and the police remained in favour of making a restrictive traffic scheme permanent and of continuing lower profile searches of suspicious vehicles entering the City.

Mr Cassidy said the annual cost of these security measures of between £3m and £5m were "totally manageable". The corporation has an annual rate collection of £700m.

The position taken by Mr Cassidy reflects a private consensus in the security forces that the possibility of IRA terrorism resuming in the future cannot be ruled out. In the case of London, there is the extra consideration being given to the resumption of violence in the Middle East and the threat of terrorist action by extremist Arab groups.

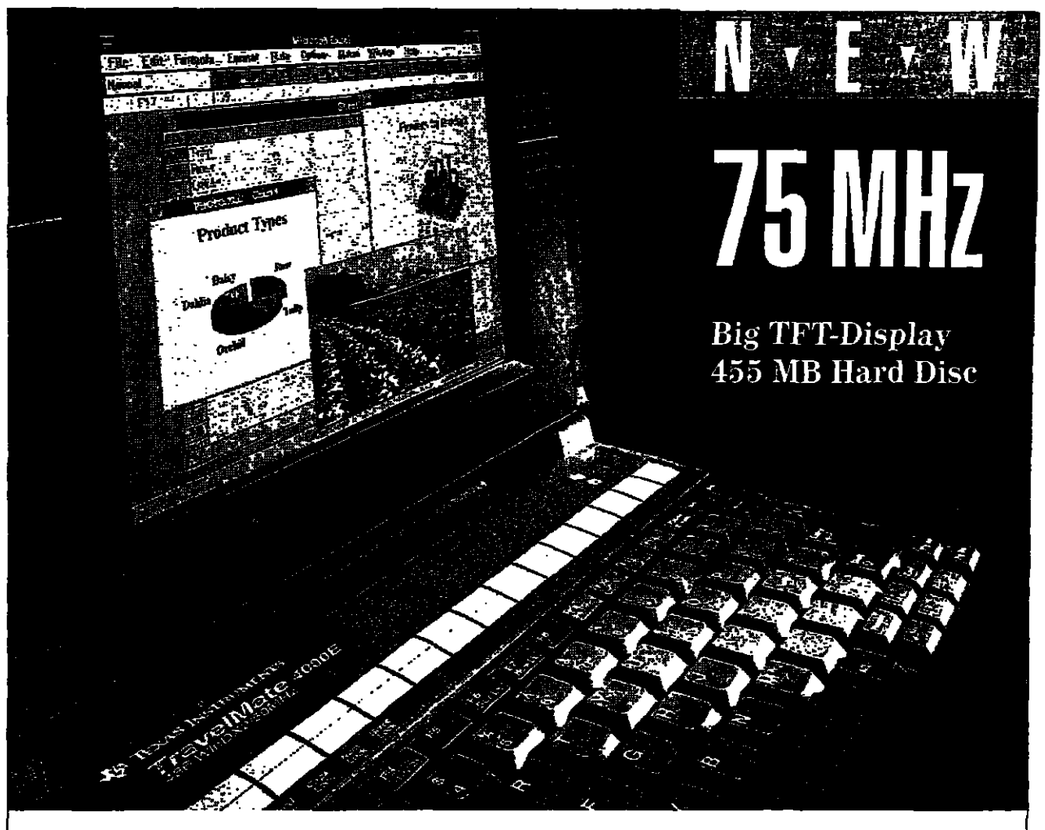
The government's conciliatory announcement yesterday is thought to have been based on advice from MI5, the intelligence service, that the IRA's internal discipline is holding around the ceasefire although the possibility of maverick units carrying out a terrorist attack has not been ruled out.

One senior anti-terrorist officer said: "The situation is still too fragile. Much as we'd like to say it's all over we cannot risk lowering our guard."

Of great concern is the IRA's large stockpile of arms, much of which remains hidden in the Irish republic. The armoury includes several hundred rifles and grenades, numerous mortars, and enough commercial and home-made explosives to provoke considerable tactical destruction on both sides of the Irish sea for years to come.

While the IRA refuses to hand its armoury over, British intelligence is trying to keep a close watch on the movements of suspected terrorists.

While some IRA "volunteers" are thought to be enjoying a period of peace, others remain determined not to allow their military efficiency to be weakened by the peace process. The IRA may not be bombing, but its capacity to bomb is firmly intact.



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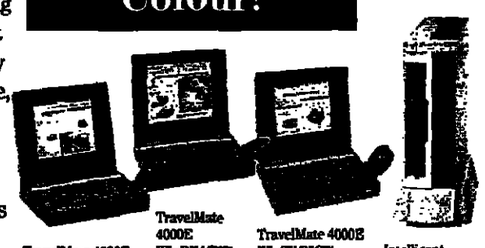

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TEXAS INSTRUMENTS

Concern over pension mis-selling to widen

By Alison Smith

A new area of concern about pension mis-selling will be opened up next week when a report from the City's chief regulator highlights the position of people who bought personal pensions and did not join their employers' schemes.

Pension sales agents and advisers could face significant compensation claims for selling personal pensions when a better option for customers would have been to go into an occupational scheme.

The Securities and Investments Board, the financial watchdog, is expected to publish on Tuesday its guidelines for how life companies and advisers should compensate customers who have suffered from poor advice to take a personal pension.

The original focus of its work was the possible mis-selling among the 500,000-plus pensions sold to people transferring a lump sum out of a scheme run by a former employer. Concern about this aspect of pensions had been sparked by a study suggesting that nine out of 10 cases examined did not meet regulators' standards.

But the work expanded to include people who were in their employers' pension schemes and were advised to opt out and start a personal pension instead.

Results of a study commissioned by the watchdog from consulting actuaries Bacon & Woodrow on "opt outs", are expected to identify personal pensions sold to "non-joiners" as a problem in its own right.

Life insurance companies and advisers say that the number of cases where people were advised to leave an occupational scheme to which they already belonged is likely to be relatively low, because they would clearly have been giving up contributions to their pension from their employer.

But they acknowledge that would have been easier to sell personal pensions wrongly to people who could have joined an employer's scheme but had not done so, simply by failing to check properly whether they would qualify for membership.

A critical factor in determining the number of cases which have to be reviewed and where compensation must be paid will be what SIB says about how far sales agents and advisers should have checked whether a customer could join an employer's scheme and whether, if the customer was eligible, the advice was to remain outside the occupational scheme.

These cases of "non-joiners" are likely to be hard for life companies and advisers to identify from their files, which could make it expensive to find all those who should qualify for compensation.

Tunnel hit by further setback

The Channel tunnel project suffered another embarrassing setback yesterday when a high-speed Eurostar train carrying the heads of British Rail and Eurotunnel suffered a break down, **Charles Batchelor writes.**

The £24m express train carrying Sir Bob Reid, British Rail chairman, Sir Alastair Morton, co-chairman of Eurotunnel, and 350 other guests developed a fault while travelling through the tunnel and was halted at Calais.

A replacement train was fetched but the travellers, including a party of 50 schoolchildren who had won a competition, were more than two hours late arriving in Paris.

This is the third time within a week that a Eurostar train has broken down. On Thursday a train due to carry 400 journalists from London to Paris on an inaugural run had to be taken out of service while on Friday last week a train on a test run broke down in Kent.

European Passenger Services, the British partner in the railway consortium which runs Eurostar, said that early tests lasting several months had thrown up few faults but new ones were now starting to emerge.

An official denied there was a design fault though she acknowledged that the Eurostars were complex because of the need to run on different power systems and signalling networks. The three recent breakdowns each had a different cause.

BT and Mercury rivalry hots up

By Andrew Adonis

Competition between British Telecommunications and Mercury, its main rival, is set to intensify following a report by BT claiming that its service is cheaper not only for typical home users but also for many high-volume users.

Mercury disputed some of the figures and pointed to its own discount packages – but analysts saw the BT move as increasing the pressure on Mercury to cut its prices further to retain a competitive edge.

The BT report, verified by consultants Coopers and Lybrand, claimed that even residential customers with phone bills substantially above £75 a quarter – Mercury's target market – are typically better off sticking with BT than switching to its rival for long-distance and international calls.

The figures are based on what BT claims are typical calling patterns, and include the range of discounts available to BT customers which Mercury usually disregards when making its own pricing claims of "guaranteed" savings over BT.

The figures also assume that Mercury customers continue to make their local calls via BT. Mercury has no local network and advises its customers to use BT for local calls.

Analysts highlighted the comparison with the US, Australia and New Zealand, where new telecoms companies competing with dominant operators have come under increasing pressure as their initial success has forced the local "giant" to cut its prices and market itself more effectively.

Mr Laurence Heyworth, telecoms analyst at Robert Fleming, the brokers, said: "Mercury is now under such pressure that it cannot afford to maintain the same price differentials as in the past."

BT has been forced to cut its prices sharply by Oftel, the telecoms regulator. Over this year its prices will have fallen by an average of about 12 per cent before taking account of inflation. Each BT price cut puts pressure on its competitors to follow suit.

Mr Michael Hepher, BT managing director, said: "This review compares like with like, matching our best deal with their best deal, and we are better."

Mercury said: "The fact remains that Mercury's calls cost less than BT's calls and for typical Mercury customers we beat BT hands down."

A stiff one for drinks lobby

Colin Beere

Heavy drinking: brewers, pubs and licensed retailers claim they are feeling the pinch from cheap imports of lower duty alcohol

Roderick Oram on why it will be difficult to persuade the chancellor to cut excise duties

With one month to the Budget and two to Christmas, the debate over alcoholic drink duties and cross-Channel shopping is becoming as clamorous as a Saturday night pub "discussion".

"I've never seen a lobbying year like it," said a senior drinks executive.

Wednesday brings the first public opportunity this season for advocates of duty cuts to make their case. The Brewers and Licensed Retailers Association (BLRA) is appearing before the first ever hearings on the subject held by the Treasury select committee of backbench MPs. The committee, which has received some 50 briefing papers on the topic, hopes to publish a report before the November 29 Budget.

Brewers, along with distillers, pub and off-licence owners and other interested parties, are taking a different tack this year. In the past they have argued narrowly for a cut in excise duties on the grounds of equality of tax treatment and as a necessary stimulus to trade.

This time their pre-Budget submissions to the committee and Treasury have tried to quantify the wider economic and social damage they claim the rising tide of drink imports is causing. Switching to the offensive, they have also sought to show the broader economic benefits of a duty cut.

Cheap imports of lower duty beer from France now satisfy 3.3 per cent of UK demand, equal to nearly 15 per cent of beer drunk at home, the association estimates. As imports rise, pubs and clubs will be closed and jobs lost. "The British way of life will have been changed and the pub-going habit will be a thing of the past," says *The Real Alternative*, the association's submission to the Treasury.

Moreover, the 1993 lifting of personal import restrictions was "a smugglers' charter". Vans coming back from Calais now account for one-third of all duty-paid imports of beer "and customs and excise investigators say that it is a focus of interest for organised crime".

The solution, the brewers say, is to halve beer duty to 15p a pint this year and to the European median rate of 8p by 1997. The rate in France is only 4p. To assuage Treasury fears that the excise revenue lost could never be recovered elsewhere, the brewers commissioned economists at the Henley Centre to assess the wider stimulus of duty cuts.

Henley concluded a virtuous circle would prevail. People would drink more, reversing a steady decline since 1979. This in turn would bring higher sales of food, wine, spirits and other products in pubs. Higher sales would justify higher investment to make pubs more attractive, pulling in even more trade. By 1999, 58,800 full-time equivalent jobs would be created or saved.

Money saved on the unemployed plus taxes gained from higher economic activity would more than make up for the £1bn cut in beer duty. The impact on the public sector borrowing requirement would be positive by 1997 and bring a net gain of more than £1bn by 1999.

Duty cutters face a huge task to change the government's mind. Sir John Cope, then the Paymaster General, said in April: "If we were to sharply cut the rate of duty, there is no way we would get back more than a fraction of the billions of lost revenue from increased UK sales."

The government is clearly sceptical about some of the claims made for the inroads of imports. Sir John pointed out in April that beer duty rose in 1993, the first year of liberalised imports, to £2.41bn from £2.39bn a year earlier.

The association has taken every opportunity to press its case but brewers acknowledge privately that their campaign could take some years to bear fruit.

One problem is a lack of hard data on imports. Advocates of duty cuts have extrapolated national figures from surveys and estimates. Working out how much of the imported drink is for legitimate personal consumption and how much is sold illegally to third parties is even harder to quantify.

Yet, the import volume may only be half the association's estimates, according to Mr Ian Pressnell of Plato Logic, a drinks industry consultancy. He bases his estimates on primary sources such as the volume of French and Belgian beer production and the number of cross-channel vehicle and passenger trips.

He and other critics of the drinks industry figures are also sceptical about the extent to which a 15p cut in duty would encourage people to drink more. Beer consumption has been falling because of changing habits rather than rising taxes, he says.

Given the complexities of the arguments and the government's reluctance to lose revenue or to gamble that a duty cut would stimulate the drinks economy, lobbyists are trying a twin-tracked approach of tackling the EU as well.

Duty rates vary not only between countries but also between types of alcoholic drink, creating substitute markets and competing products.

Trying to encourage continental countries to raise their low duty rates a notch may prove easier than persuading the British government to cut its rates. But however strong the arguments are in London and Brussels, movement in this Budget is considered highly unlikely.

With nine drink-shopping weeks to Christmas, bargain hunters had better make their travel reservations.

Newcastle starts schools campaign

A £1.5m campaign to raise educational standards in the West End of Newcastle was launched yesterday.

Newcastle City Challenge, part of the government-backed scheme to regenerate problem urban areas, says it is the first such project in the country. More than a third of children in the targeted area enter secondary school at 11 with a reading age below that of an average eight year old.

Some of the money will be spent on extra teachers and on four education access centres to help parents become actively involved in their children's education.

Nationwide puts strain on Link

By Alison Smith

Holders of instant access savings accounts with Nationwide Building Society, the UK's second largest, will have to pay from next month to use cash machines other than those run by the society itself.

The move to levy a 60p charge per transaction on these customers imposes a fresh strain on the co-operative basis of the Link network.

It looks set to lead to the imposition of other charges. Halifax Building Society, the UK's largest, already charges customers 60p for each transaction carried out on a non-Halifax Link machine. Abbey National and Woolwich Building Society, the UK's third largest, also charge.

The network was set up in 1987 enabling banks and building societies without many cash machines to offer customers a more extensive system and so compete more effectively with the larger clearing banks.

Initially the system involved no charge to customers while the Link members paid each other for every transaction by one organisation's customer on another organisation's machine.

Alliance & Leicester Building Society, another large Link member, said yesterday that against the background of the existing charges levied, Nationwide's decision was causing it to review "the commercial options available".

The charges imposed by Link members, discouraging use of other organisations' machines, had already had an impact on the income it received from the external use of its own machines, the Alliance & Leicester said.

Link said it acknowledged the Nationwide move "with regret". The cost to each member of the 31 organisations in the co-operative scheme was "substantially less" than the 60p Nationwide was intending to charge, it said.

If the charges mean that each organisation's customers increasingly make less use of other organisations' cash machines, it will make the position particularly difficult for Link members which have few cash machines themselves and whose customers therefore make great use of other machines.

Consumer spending on credit and debit cards fell in September, according to figures released by the Credit Card Research Group yesterday, but the decline was mainly due to seasonal factors, Philip Coggan writes.

The group said that card spending dropped from £5.02bn in August to £4.68bn in September, although the August figures had been boosted by bank holiday spending.

Figures for September's retail sales, published earlier this week, showed a 0.5 per cent monthly rise. The retail sales statistics are expressed in volume terms and are seasonally adjusted.

Credit and debit card spending in 1994 has been substantially higher than in 1993, partly due to the growing use of cards as a method of payment. In the three months to September, card spending was 17 per cent higher than in the same period in 1993. Figures from the British Bankers Association and the Central Statistical Office have also shown strength in personal sector borrowing.

Over the past year, card spending has grown at a quicker rate among hotels, the food and drink sector and other retailers. The slowest growth has been in the entertainment sector. Debit card spending has grown faster than that for credit cards, with the bulk of debit card spending occurring in supermarkets and off-licences.

First contract for Swans' rescuer

By Chris Tighe

The company which has agreed to buy the Hebburn yard of Swan Hunter, the Tyneside shipbuilder in receivership, has won its first ship repair contract for the site before the purchase deal has been legally completed.

On Thursday, the day the Hebburn yard's sale to Tees Dockyard is due to be completed, the Stena Well Servicer, an offshore oil and gas field support vessel, will arrive for overhaul and refurbishment.

The Hebburn site's buyers – who clinched their purchase agreement 10 days ago with receivers Price Waterhouse – have started interviewing ex-Swan Hunter employees and jobless Tyneside ship repair workers.

They need to recruit 100 temporary workers for the three-week Stena contract, but those taken on have the prospect of becoming part of the new permanent core workforce at Hebburn, expected to reach 200 within a year.

Yesterday Mr Eric Welsh, managing director of Tees Dockyard and chief executive of its new Hebburn business, Tyne Tees Dockyard, said the speed with which the first contract had been won had raised eyebrows. "It's come so fast," said Mr Welsh. "Everybody on the Tyne is delighted."

The six-figure contract was won in competition against a Rotterdam ship repairer. Mr Welsh was particularly pleased to get a vessel into Hebburn on the first day of ownership. "It will start paying for itself straight away."

Other contracts for Hebburn are under negotiation including serious inquiries from Norwegian shipping fleets. "I would guess the next two to three contracts will employ over 200," he said.

Ministry allows cattle flights

The agriculture ministry yesterday gave its approval for live calves to be flown from Humberside to Rotterdam to get around a ban imposed by ferry companies on the shipment of live animals to Europe. Animal welfare groups have protested against the flights of up to 200 calves in unpressurised aircraft.

Post offices open longer for lottery

Post Office Counters said yesterday that 178 main high street post offices – a quarter of the total – will stay open until 7pm every Saturday to sell tickets for the National Lottery.

All other post office services will be available during the extended hours. At the moment main post offices close at either 12.30 or 1pm on Saturdays. The extra hours will be worked by voluntary overtime.

Press Association buys new HQ

The Press Association, the news agency which sold its Fleet Street headquarters to Reuters in February, has bought a new office building in the Victoria district of London.

PA is buying 292 Vauxhall Bridge Road from Banque Paribas for an undisclosed price and plans to move next summer. The news agency has been in its current building since 1939 and has occupied premises in Fleet Street for 126 years.

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Lloyd's agents to appeal in Gooda case

By Jim Kelly

Lloyd's of London agencies facing record claims for compensation from members after the High Court judgment against them in the Gooda Walker case are to go to the Court of Appeal.

The decision was immediately attacked by the Gooda Walker action group, representing 3,096 Names, as a waste of time and money.

Mr Justice Phillips ruled on October 5 that the Gooda Walker agency had taken "culpable" and "unjustified" risks and that the Names, individuals whose assets have traditionally supported the insurance market, should receive compensation. The Gooda Walker action group estimated compensation at £504m.

Clyde & Co, the solicitors acting for the agencies' errors and omissions insurers, which cover awards for negligence, said yesterday that the judgment would be challenged with particular reference to the "approach adopted in assessing damages recoverable".

Mr Michael Deeny, chairman of the Gooda Walker Action Group, said: "Some people don't know when they have lost. There is certainly no prospect of our judgment being reversed on negligence.

"Mr Justice Philips' principles of quantum will give us an estimated 80 per cent of our losses. In our view the Court of Appeal is most likely to maintain his principle or alternatively to increase the damages awared to us. This is a deplorable waste of the scarce financial resources of Lloyd's syndicates. Spending further millions on legal fees neither helps the ruined Names nor the Society of Lloyd's as a whole."

Mr Deeny said that the decision to go for an appeal showed an "irresponsible disregard" for the best interests of the market. He predicted that the appeal would be heard early next year.

The delay caused by the appeal is likely to increase the pressure from hard-hit Names for interim payments to be made ahead of a final Court of Appeal decision.

Yesterday the insurers intervened in the continuing High Court proceedings over Gooda Walker to seek clarification on whether they were bound to back agencies asked to make interim payments.

The insurers, out of whose funds any compensation eventually awarded would be paid, also want to know if, in the light of the judgment, the Gooda Walker losses arose out of more than one "originating cause". This could affect the amounts paid under each agent's insurance policy.

A spokesman for Clyde & Co said: "These steps are not undertaken lightly. Insurers have the benefit of detailed analysis and advice from leading counsel which has been carefully considered in arriving at their decisions."

The progress of the Gooda Walker case is being closely watched by other groups of Names taking legal action against Lloyd's agencies.

Inquiry told of Westminster's elector targets

By Rob Evans

Senior Westminster councillors and officials set specific targets for the numbers of new "electors" required in each of eight marginal wards, the public inquiry into gerrymandering allegations heard yesterday.

A fax was sent from the office of Dame Shirley Porter, the then council leader, to Mr Graham England, the housing director, on March 1987 demanding to know "how does he propose to achieve the target voter figures in the eight relevant wards by 1990?"

Both of them, along with eight other Tory councillors and officials, were named in the district auditor's provisional report which found, after a four-year investigation, that they had been selling homes to bring likely Conservative voters into marginal wards before the 1990 local elections.

The inquiry heard that another of the respondents – Mr Robert Lewis, the council's deputy chief solicitor between 1986 and 1988 – said the secret plan for the marginal wards – known as "key wards" – was well known throughout the senior ranks of the council.

He had told Mr John Magill, the district auditor, in an interview that it was like "the love that dared not speak its name".

Mr Andrew Arden, the QC for the group of Labour councillors and residents who levelled the gerrymandering allegations, said council officials were instructed by Tory councillors to compile detailed profiles of the populations in each of the marginal wards.

He said these profiles were used to calculate the number of new residents – described in confidential documents as "new electors" – required to secure victory at the local elections.

Mr Arden said the targets ranged from 450 in Millbank ward to 150 in Victoria ward totalling 2,200 in all.

Another fax was sent on March 24 1987 from Dame Shirley's office to Mr Matthew Ives, the council's chief solicitor. It asked whether the council could sell off all the homes which became vacant in the marginal wards, without affecting its statutory duties to house the homeless. Mr Ives warned her "anything which smacks of political machinations will be viewed with great suspicion by the courts".

Mr England had answered the same question by saying that the chance of being surcharged by the district auditor was "fairly tenuous".

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Shock horror.

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The baton on the left is shaped for easy insertion into the body.

When the black button is thumbed, the three metal bands around the shaft become alive with electricity.

The chunky object looks like a curling tong, but when it touches you, there's a crackle of blue flame and a shock powerful enough to burn skin and damage internal organs.

It was made in the Jing Jiang Radio No. 4 Factory, in Jiangsu, one of many such works in China mass-producing electric truncheons, cattle-prods and other items, which they then proudly advertise in glossy brochures.

In Chengdu city, for instance, the Mensuo factory specialises in ironware: shackles, chains, handcuffs, thumb-cuffs and leg-irons.

Some of these gruesome objects are immensely heavy, others are ingeniously designed to cause the maximum pain.

This torturer's toolkit is used daily in China's prisons to punish those who have called for the democratic freedoms we often take for granted.

The torture of Liu Gang.

Liu Gang is a Physics graduate student from Beijing who took part in the 1989 pro-democracy demonstrations in Tiananmen Square.

One of the 21 'Most Wanted' students in China, he was jailed in 1989 and later sentenced to six years imprisonment for 'counter-revolutionary' crimes.

Liu is what Amnesty calls a 'prisoner of conscience', that is, someone locked up in prison for expressing his non-violent political views.

AMNESTY INTERNATIONAL BRITISH SECTION

Not just imprisoned. In a letter smuggled out of China last year, Liu claims that he has been repeatedly tortured. The Chinese Government denies this, but no impartial investigation has ever taken place.

Its denial might carry more weight if the vicious tortures Liu Gang and other prisoners describe were in the slightest bit unusual, but, sadly, they are not.

A catalogue of horrors.

We now begin a catalogue of horrors that some people will find upsetting.

Please read it carefully. The information has come directly from prisoners who want the world to know what they are suffering. Often they have taken great risks to get the details out.

Liu Gang was one of 11 political prisoners held at Lingyuan No. 2 Labour-Reform Detachment in Liaoning province.

Their ordeal began when they angered the authorities by refusing to admit they were 'criminals'. Six were taken away to be tortured.

When the electric baton being used on Tang Yuanjuan ran out of power, the guard began kicking him with tough leather boots and broke two of his ribs.

Leng Wanbao remained silent when questioned, so they forced open his mouth and stuck the electric truncheon in.

Kong Xianfeng was attacked in a special way. The guards applied their electric batons simultaneously to different parts of his body and he started bleeding behind the ears.

When Liu Gang's turn came, they applied the electric batons to his genitals.

He was put in leg-irons weighing about 20 pounds - he wore these for several weeks.

Liu was also forced to sit without moving on a bench for as long as 12 hours a day - leaving his body in agony.

50,000 volts through a naked man.

On the second anniversary of the 1989 massacre in Beijing, a prisoner called Li Jie staged a one-day hunger strike in memory of those who had died in Tiananmen Square and elsewhere calling for democracy - many of them mown down by machine guns, some crushed by tanks.

He was stripped naked and dragged onto a stage where the prison's Brigade Commander shouted and blustered at him before applying a huge 50,000 volt electric baton to his inner thighs.

Two other guards gave him high voltage shocks to his head, neck, shoulders, armpits, chest, stomach and fingers.

Li Jie went into spasms and passed out.

'Su Qin carries a sword on his back.'

To complement their skill with electric batons, many Chinese prison guards are shackle experts.

They have invented several tortures with fancy names like: 'Bending three wheels', 'A string of bells', and 'Su Qin carries a sword on his back.'

In 'Su Qin', one arm is bent back over the shoulder, while the other is twisted behind the back.

The hands are pulled together and the wrists tightly shackled.

A prisoner manacled in this manner can be hoisted by his wrists and left hanging for hours, till he loses all feeling in his arms.

'Chain-shackling' is the science of cuffing a prisoner's hands and feet together.

One especially cruel method is as follows: find the smallest handcuff that fits the prisoner's wrist, then cram both wrist and ankle into it, using pliers and hammers to snap the cuff shut.

The pain of this torture is indescribable.

The prisoner reportedly screams all the time he or she remains shackled, until silenced by hoarseness.

Screaming, of course, can make matters worse, if it irritates the guards.

At Mian County Detention centre, in 1990, one young prisoner was left shackled this way for several days.

He screamed and wailed all day, and all night, so loudly and pitifully that no-one could get any sleep.

The shackles finally came off to reveal, apparently, rings around his wrists and ankles of red, rotting flesh.

'The old ox ploughing the land.'

In the same jail, Xie Baoquan and another prisoner were to be punished for fighting.

They were handcuffed back to back and a rope was tied around them. A group of prisoners was made to run with the rope, pulling them along.

One of the pair was able to crawl forward as fast as he could. Xie Baoquan was pulled along on his back over the rough concrete.

This activity, picturesquely called 'The old ox ploughing the land' continued until the concrete was covered with Xie's blood and his back was one massive wound from which the skin and flesh had been scraped.

He was put back into his cell without any medical treatment, his back left to suppurate.

Xie's cellmates covered his back with a cotton blanket which became soaked with pus from the wounds, and which filled the room with the stink of rotting flesh.

Forced to eat soap from a toilet.

Some prisoners were playing chess with pieces carved out of soap.

Spotted by a guard, they quickly threw the soap chessmen into their toilet bucket. The guard forced them to fish out every piece and eat it. In Gutsa Detention Centre, Lhasa, Laba Dunzhu, a young Tibetan who had taken part in a pro-independence protest was taken out into the prison yard and made to kneel.

A guard placed a boot on his neck and forced his face down into the filthy water of the latrine.

Meanwhile, others beat him.

Laba Dunzhu died of a ruptured spleen.

She woke to find herself dying.

In Seitru Detention Centre, also in Lhasa, 26 year old Sonam Dolkar was being questioned after having been arrested on suspicion of being a Tibetan independence sympathiser.

Tiring of her answers, her captors stripped her naked, wrapped electric wire around her and plugged it into the mains.

Sonam convulsed and passed out. When she regained consciousness, she was lying in the same room. Her skin had turned blue.

Often she was beaten with electric batons. Once, Sonam awoke to find that her body was covered in bruises and that two ribs were broken. They had hit her as she lay unconscious.

Like Liu Gang, she was kept in leg-irons for months. The torturers applied electric batons to her face and every part of her body, including inside her vagina.

Eventually, Sonam was vomiting and urinating blood daily.

We only know of her suffering because when she was moved to a police hospital, she managed to escape and flee to India.

You can do something to help.

If you're as upset by these things as we are - and we're sure you must be - there is something simple and effective you can do right here and now to help. Join Amnesty.

Even in China, our voice is heard.

The stronger we are - and the more pressure we can bring to bear on the Chinese Government - the more likely it is that the torture will stop.

The more powerfully we tell the world of the horror in China's prisons, the more difficult it becomes for governments in the free world to turn a blind eye to the prisoners' plight.

This does work.

From other countries all over the world, we receive scores of letters every year from prisoners and ex-prisoners who have been helped by our campaigning. These include people who had been living in daily fear of torture or death.

For them, Amnesty's intervention has brought renewed hope and relief from pain.

Liu Gang is still in prison.

Years of torture had left him suffering from a prolapsed anus, haemorrhoids, psoriasis and heart and stomach trouble.

Although only 32 years old, his hair had started falling out.

Until just over a year ago, he had had no medical treatment and had been allowed only five baths in two years.

But since summer 1993, international pressure appears to have improved his situation.

His family have once again been permitted to visit him and they report that he seems to be in better health.

Earlier this year, foreign journalists were allowed to visit the prison where he is being held, but weren't permitted to talk to him.

A letter to each of us from Liu Gang.

Last year, Liu Gang managed to smuggle a letter out of prison. Here is an extract:

"Handcuffs and shackles won't frighten me. Electric batons won't silence me. Force-feeding and brain-washing won't affect me. Forced labour won't change me. Solitary confinement and torture won't ever terrify me. Regardless of what is done to me, I shall continue to use all peaceful and non-violent means at my disposal to fight against tyranny and abuse."

Liu faced his ordeal with such courage that his fellow prisoners called him 'The Iron Man'.

He and others have taken incredible risks to tell the world about their suffering.

Surely it's impossible that people who enjoy the very freedoms which they are denied, could learn about their suffering and do nothing to help.

We're not trying to point a finger at you – this means all of us.

Liu's letter to us all ends with these words: "I have no option but to fight with all my body and soul. Please don't let me down."

There's a coupon immediately below this sentence. Please use it now.

I wish to be a member of Amnesty International. I enclose £19 Individual ☐ £24 Family ☐ £6 Student ☐
£7 18-21 ☐ £6 under 18 ☐ £6 Claimant ☐ £6 Senior Citizen ☐
I wish to donate £500 ☐ £250 ☐ £100 ☐ £50 ☐ £25 ☐ £10 ☐ Other ☐
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Saturday October 22 1994

Step by step in Ulster

Another day, another step towards lasting peace in Northern Ireland. Just eight weeks ago it would have been prudent to avoid the expression of such optimism, however guardedly. Now, as each 24 hours passes since the IRA declared a ceasefire on August 31, it is possible to argue that the tortuous process of constructing a settlement to which all assent may, against expectations, eventually end in success.

The obstacles are well-known. Past IRA ceasefires have been short-lived. The "loyalist" terrorists, who laid down their arms only a couple of weeks ago, may not be able to maintain discipline. Critically, each side expects ultimate victory. Sinn Féin is allowing its followers to suppose that entering the peace process will lead to a united Ireland. The unionists vow that Ulster will never leave the ambit of the United Kingdom.

Seemingly undaunted, the prime ministers of Britain and Ireland have pursued the peace process they initiated when they signed a joint declaration in Downing Street last December. That committed both governments to acceptance of the will of the Ulster electorate, an undertaking reinforced by a subsequent promise of a referendum on any new negotiated deal. It also invited the terrorists on both sides to abandon violence and take their chances with the democratic process.

In Dublin Mr Albert Reynolds has addressed himself primarily to a nationalist audience; in London and, yesterday, Belfast, Mr John Major has sought to allay unionist suspicions. Both have demonstrated skill and courage. The Taoiseach is convening his forum for national peace and reconciliation, which one unionist party may attend. Mr Major has moved at a tactically deliberate pace. He intimated yesterday that the ceasefire declared on August 31 will henceforth be regarded as genuine, although the IRA refuses to declare it "permanent".

Verbal camouflage

The two prime ministers meet at Chequers on Monday. Talks with the IRA/Sinn Féin should begin in a few weeks. There are many items on the agenda. Some will be matters of intricate negotiation, designed to persuade the perpetrators of violence to hand over their explosives as a prelude to surrendering their guns. Some will involve verbal camouflage, such as a refusal to grant an amnesty to convicted terrorists, combined with an assurance that paroles will be easier when there is no threat of a repetition of the original offence.

This delicate horse-trading could break down at any stage. Yet the climate of local opinion is a form of insurance against a resurgence of violence. Yesterday Mr Major called for all Ulster inhabitants to speak out for peace. He lifted the ban on Sinn Féin leaders entering the British mainland, opened cross-border roads, and indicated that the number of troops on the streets would progressively be reduced. By so doing he recognised some nationalist aspirations. The business community was offered a pre-Christmas conference on investment in the six counties.

Changes afoot

The unionists have something of greater immediate value – an unbreakable assurance that there will be no change in the constitution without their consent. Yet changes are afoot. Sooner or later the political framework being designed in Dublin, London and Belfast will have to be put on the table for debate. Mr Major has promised publication, which is essential if suspicions are to be kept to a minimum.

Ulster will be offered its own legislature, elected by proportional representation to guarantee a share of power to parties representing the Catholic minority. New institutions, answerable to both London and Dublin, would operate in both parts of the island. These might cover matters such as tourism and the environment.

The structural example often cited is that of Nato, whose member states retain their national sovereignty while pooling military resources. To set the seal on the package, the Dublin government would seek to amend the articles in the Irish constitution that lay claim to Ulster, while Britain would make an equivalent change in its own law.

When all the documents have been signed, the deal will be put before the Irish electorates, north and south. Some British ministers expect the negotiations to take two years. Barring accidents, there may be a denouement before that.

The unionists are being asked to pay for peace by accepting that if they are outnumbered they may be outvoted in a future referendum. Republicans, and the IRA in particular, are expected to acquiesce in the postponement of that day of reckoning for perhaps another 25 years, and possibly forever. They are given encouragement by Dublin's words about how in due course the south will seem a more inviting place to northern Protestants. For Sinn Féin, after 25 years of violence during which they made no progress towards their goal, it is the only option that makes sense.

Election campaigns for governor and senator in California are proving bitter and expensive, writes **Jurek Martin**

Serious game of mud-slinging

One statewide candidate, pockets deep with oil money and driven by a ruthless wife, wants a government that "does nothing". Another reveals on television that her daughter has been raped and her son mugged. Both major incumbents have the charisma of meat loaf. All throw mud at each other like confetti. The state itself, a magnet for immigrants for 150 years, seems on the verge of denying social services to those illegally inside its borders.

This is 1994, the supposed year of the Great Political Discontent, and the state, naturally, is California which, in the realms of the bizarre, has always taken some beating. And it may buck national trends again on November 8 by returning to the governor's mansion in Sacramento and to the US Senate in Washington a pair of extremely professional incumbent politicians, a species widely believed to be in extreme danger.

They are the dogged duo of Pete Wilson, Republican governor, and Dianne Feinstein, Democratic senator. Both have opponents notionally more in tune with the times.

Kathleen Brown, the Democratic state treasurer up against Mr Wilson, is not merely the third member of California's great dynastic political family to seek the governorship but appears the very model of the articulate, telegenic modern woman candidate. Congressman Michael Huffington, the Republican trying to unseat Ms Feinstein, is cast in the mould of Ross Perot, a political neophyte willing to spend a large chunk of a personal fortune in the pursuit of elective office.

With less than three weeks to go, the bitter and expensive campaigns – with $27m spent on the Senate race alone by the end of last month – seem to have settled into a pattern. Mr Wilson, 20 points down this spring, has pulled into a 10-13 point lead over Ms Brown by hitting the "hot button" issues of crime and illegal immigration.

Ms Feinstein, 20 points ahead as late as this summer, seems to have weathered the storm of Mr Huffington's unprecedented negative advertising that had brought him to parity last month and now holds a 7-9 point margin. But this has been mostly because of the torrent of critical media attention that has descended on the heads of Mr Huffington and his wife.

It is often dangerously easy to poke fun at Californian politics. After all, in the last 30 years, the state has elected a retired B-movie actor (Ronald Reagan), an ageing song-and-dance man (George Murphy), a very odd fish (Jerry Brown) and a distinguished but eccentric professor of linguistics (S I Hayakawa).

Its ballot papers are always littered with populist referendums, to the point, it sometimes seems, of democracy run riot. Sam Popkin, of the University of California at San Diego, notes that in the past four years the voters of San Diego County have been asked to pass judgment on no less than 690 candidates and propositions. ("What do you have in England?" he asks rhetorically. "Three – the Commons, the European parliament and local councils.")

Yet some have been harbingers for the nation, such as the tax-cutting initiative that passed in 1978, or the environmental one ("big green") which failed in 1990.

This year's eye-catcher would deny education and non-emergency healthcare to illegal immigrants – and it will probably pass, if only to be challenged immediately in court. Another would repeal all local anti-smoking ordinances in favour of a more lenient statewide standard, while a third seeks approval for a state-funded (or "single payer") healthcare system.

Katz Pictures

California prize: (from top left) Governor Pete Wilson and Democratic challenger Kathleen Brown; Arianna Stassinopoulos and husband, Michael Huffington, the Republican taking on Democratic senator Dianne Feinstein

Reading California right is a prerequisite for any politician with national ambition, especially now that the 1996 state presidential primary, which traditionally wound up the election season, has been brought forward to early March.

California's ballot papers are always littered with populist referendums, to the point of democracy run riot

This century only three Democrats have become president without carrying California – Wilson in 1912, Kennedy in 1960 and Carter in 1976. No Republican ever has, which is why George Bush's abandonment of the state in the final months of the 1992 campaign is still subject to endless second guessing. Two of the last five elected presidents – Nixon and Reagan – have called California their home.

There are serious Republicans on the east coast who believe that, if Mr Wilson wins, he becomes the automatic front-runner for the party's presidential nomination in 1996. Californians, who know him well as mayor of San Diego, senator and governor, suspect he is more interested in the vice-presidency. Certainly his often tongue-tied and mean-spirited performance in last week's televised debate with Ms Brown was devoid of the charisma expected at the head of a national ticket. In the debate, he also half-promised to serve a full four years if returned – not that such a commitment has deterred other politicians from changing their minds.

But at the very least, as the man who could deliver California and its 52 electoral college votes, he would become a major player in a national Republican party whose divided factions, in the opinion of Professor Popkin, leave it with no apparent kingmaker. His policy record, if not his campaign, is in the moderate mainstream and includes support for abortion and a willingness to increase taxes under duress. Neither conforms to the Reaganite conservative orthodoxy that again is trying to rule the Republican roost.

National hopes on the Democratic side were also held out for Kathleen Brown, glowingly portrayed as more down to earth than her ex-governor brother, Jerry, and more articulate than her revered ex-governor father, Pat. But her campaign had been without passion or definition – until a crisp performance in the TV debate, during which she disclosed what had happened to her son and daughter as a means of rebutting Mr Wilson's charge that she was indifferent to the victims of crime.

Even Willie Brown, legendary Democratic speaker of the California House, had begun to despair that she could persuade the state that she would govern very differently from Mr Wilson. Their confrontations, mostly conducted through a series of negative TV advertisements, tended to play to his populist issues not hers. California's economic recovery rendered her 65-page reform plan less relevant beyond her turning conventional political rhetoric on its head by charging that he was "just another tax and spend Republican".

The Huffington problem is partly his own history of underachievement, but mostly concerns his wife

As for the extraordinary Senate race, a shorthand version would go something like this. Michael Huffington moves from Texas and in 1992 becomes the congressman for Santa Barbara by spending the most money ever (over $5m) in an election for the House. Ten months later, after a record conspicuous for total invisibility, he announces that he will spend what it takes to defeat Ms Feinstein. Willie Brown recalls that, on learning how much (upwards of $20m), he phoned the senator and said "Dianne, you've got a problem".

He is proved right as the Feinstein lead dwindles in the face of an advertising onslaught with one central theme: "Feinstein – a career politician who'll say or do anything to stay in office." Mr Huffington does not appear to stand for anything beyond a vague conviction that the volunteer spirit will enable the country to do away with welfare. He rarely gives interviews or, until this week, appears much in public, but the polls show that Californians are unconcerned if this is how a rich man wants to spend his money – it is his, after all, and Ms Feinstein is not exactly poor.

But, bit by bit, the local and national media unearth the Huffington problem, which is partly his own history of under-achievement, spiced by suggestions that he has evaded California income tax, but mostly concerns his wife. She is the former Arianna Stassinopoulos, well known in social and literary circles in her Cambridge and London days.

Not only is her husband seen as her puppet (the "host body" for her own ambitions, as the Los Angeles Times put it), but it also comes out she is, or was, a devotee of a New Age guru by the name of John-Roger, who recovered from a bout with kidney stones and pronounced himself more powerful than Jesus Christ. She holds strange orchestrated salons in Washington, in which guests find their thoughts recorded on tape. She fires campaign aides at will, or they leave in protest at her control. She claims to do charity work at charities which say they have hardly ever seen her.

All this and much more has been gleefully reported in the media and by cartoonists like Garry Trudeau, creator of the *Doonesbury* strip. In Willie Brown's opinion, *Doonesbury's* "empty suit" – which is how Mr Huffington is drawn – has instantly fixed all the real problems of a disorganised and depressed Feinstein campaign.

Like Governor Wilson, she would rather not run on personality, which is a bit dour and short-tempered, but on a record which is distinctly respectable, both as mayor of San Francisco and in the Senate. Her finest legislative hour came in the destructive final hours of Congress two weeks ago, when she single-handedly rescued a bill protecting Californian deserts. Still, she has been forced into negative advertising of her own and to devote many hours to private fund-raising, rather than public campaigning.

But she is not home and free yet. Voter turn-out will be low, which favours the more energised Republicans. The lack of enthusiasm for Kathleen Brown, unless reversed in the final weeks, could drag down Democratic candidates state-wide.

So may disaffection with President Bill Clinton, though polls find his standing in California higher than in most states. However, the national Republican leadership has not rallied to Mr Huffington, as it has to Oliver North in Virginia, preferring to concentrate efforts in California congressional races, where at least five Democratic incumbents are seriously up against it.

One final element of perspective must be noted. For all the ubiquity of election advertising, the political campaigns are still only the second biggest story in California, behind the O.J. Simpson trial and its extraordinary out-of-court activities. Only if Judge Lance Ito were to lock away both jury and media would the politicians have the stage to themselves.

MAN IN THE NEWS: ***Ian Greer***

Doyen of the lobbyists

It is a relaxed and convivial scene. About 20 men and women linger over after-dinner coffee and drinks in a private room in the most exclusive restaurant in Christchurch, a sleepy and well-heeled town on England's south coast. They include some of the UK's best-known political journalists. It is the eve of the Conservative party conference in Bournemouth, a few miles away.

An impeccably dressed and dark-browed man slips easily from conversation to conversation with practised grace. Discreetly attentive to his guests' requirements, he exchanges views on the main political issues of the day with knowledgeable affability. Mr Ian Greer is in his element.

Mr Greer is the doyen of UK political lobbyists. A spry 61, he and his firm, Ian Greer Associates, have been the driving force behind the rapid growth of professional lobbying in Britain.

Yet earlier this week, reports in The Guardian newspaper linked IGA to a new "cash for questions" controversy involving alleged payments to MPs for tabling parliamentary questions.

Mr Greer has strenuously denied the allegation that the firm acted as a conduit to channel money from Mr Mohamed Fayed, owner of Harrods, to two Tory MPs during the battle for control of London's premier department store in the late 1980s. He has served a writ on The Guardian.

But the affair has prompted the resignation of one junior minister and placed a question mark over the career of another.

It is all a long way from 1968, when Mr Greer – once a Conservative party agent – helped set up Russell Greer, his first public relations venture. At that time, he found little demand among industrialists for his insights into Whitehall decision-making. The firm became primarily a financial PR specialist. Mr Greer eventually sold his shareholding to other directors.

When he formed IGA in 1981, business was waking up to the benefits of the services a specialist political lobbyist could provide. Since then, the industry has grown rapidly, from next to nothing 20 years ago to a business with an estimated annual turnover of £20m today. Its influence has become pervasive: the work of lobbyists is discernible behind the scenes almost whenever an important government decision is in the process of being made.

From the government's legislative plans to politically sensitive takeover bids and the contents of the Budget, lobbyists like Mr Greer will be beavering away on behalf of clients, seeking early warning of forthcoming events and trying to shape decisions to their best advantage.

IGA lobbied actively on Mr Fayed's behalf for a number of years in the late 1980s in return for an annual fee of around £50,000 – about the going rate. It monitored Whitehall documents for him for a further period – a service that would typically command a fee of £10,000-£12,000 per annum.

The signs are that IGA will have to work hard to retain its pre-eminent position among professional lobbyists. His blue-chip client list includes British Airways, Philip Morris, the government of Taiwan and Channel Four Television. But one client has already indicated it is considering dispensing with the firm's services, and predicted the furore could be "very damaging" for IGA's business.

The new allegations could not have come at a more sensitive time for the lobbying business. The unfavourable publicity has increased scrutiny of its activities and demands for tighter controls.

Lobbyists have reacted by taking steps to regulate themselves more effectively, while renewing long-repeated calls for Parliament to draw up a statutory code of practice. Five firms, including IGA, recently founded a trade association and launched a code of conduct banning all financial links with MPs. Mr Greer came out in favour of statutory regulation as long ago as 1985.

Even before the recent bad publicity, specialist firms such as IGA had been under pressure. Since the recession in the early 1990s, clients have increasingly tended to manage their public relations operations in-house and to hire outside consultants for only short-term projects.

In addition, a new breed of practitioner is advising organisations on how to do their own lobbying. One of the new breed, Mr Charles Clarke, once a top aide to former Labour party leader Mr Neil Kinnock, argues: "Too many lobby companies claim that only they understand the machinery of Whitehall, Westminster or Brussels power." He accuses them of building up "the mystique of politics" to get commissions.

While Mr Greer acknowledges that lobbying once had such mystique, he contends this has long disappeared. He says Mr Clarke is "out of date, poor man".

Nevertheless, Mr Greer is likely to need all his tenacity and ingenuity to maintain the steady growth of his company – which now has about 50 employees, including many former aides to top politicians, and an annual turnover of £3.5m.

Until recently, Mr Greer had managed, for the most part, to avoid publicity, popping up only sporadically in headlines. In 1990, he told MPs that he had made six payments to three MPs over the previous five years for introducing business. Later that year, he used his Daimler to chauffeur Mr John Major to an engagement during his successful campaign for the Tory party leadership.

The closeness of his ties with the prime minister was underlined when Mr Major, along with a number of other cabinet ministers, attended IGA's 10th anniversary celebrations three years ago.

But these days, with the Tories trailing in the polls, it makes sound business sense for IGA to be even-handed in its relations with the main political parties. Earlier this year, the firm paid for the drinks at a reception for some Labour European election candidates at London's Café Royal.

As Mr Greer walks Humphrey, his poodle, in Richmond Park today, he could be forgiven for feeling all of his 61 years. Thoughts of retirement are far from his mind, however. "Good God, no! What am I going to do?" he exclaims.

David Owen

Consider, if you will, a power plant, a train, and a blast furnace. They're nothing in common except Ansaldo. In fact, creating products and systems for industrial growth in Industry, Power and Transportation has made us into one of the leading companies in the field of Electromechanics. In Italy, our homebase, we've worked with Enel (the state electric company) to produce some 80% of the electricity consumed in the country. In the United States, we hold 30% of the railway signalling market and are the recognized world leader. We are known for our capacity to offer timely responses to questions which are constantly evolving and specific solutions to the principal problems posed by economic development in more than 70 countries around the world. A world that moves, just like us, and even, we might say, thanks to us.

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A nation desperate for relief

Iraqis' collective morale may never have sunk so low, says **Mark Nicholson**

Nothing demonstrates Iraq's isolation and deepening impoverishment more starkly than the 1,000km desert highway that links Baghdad to Amman in Jordan.

Traffic along the three-lane motorway, which has been Iraq's main link with the world since flights were banned by the UN, has thinned to a dribble of cars and an occasional truck. The country has run out of the means to afford the imports of food and medicines that the UN permits. And the traffic that does brave the highway is prey to highwaymen.

After 12 hours travelling Iraq's exposed, empty lifeline, vehicles reach the anti-aircraft batteries of Baghdad's approaches. The highway then opens on to the busy boulevards of a capital strewn with mighty monuments and buildings: all in tribute to President Saddam Hussein and his ambition to make Iraq an Arab superpower.

In spite of four years of sanctions, Baghdad has kept up appearances. With dogged ingenuity, the Iraqis have rebuilt almost everything the 70,000-80,000 tonnes of allied bombs destroyed during the Gulf war in 1991. They have chipped away broken concrete to recover reinforcing rods. They have cannibalised spare parts. And they have rebuilt Iraq's main telecommunications, power, water, sewage and road networks. Mr Saddam has even had a new communications tower built, claimed to be the Middle East's tallest structure, and is planning what officials call "the biggest mosque in the world". The Saddam mosque, naturally.

Iraqis are proud of this rebirth, whatever they think about their leader – something few Iraqis risk venturing to strangers. "We hear all about rebuilding Lebanon, rebuilding Kuwait – no one ever wrote about how we rebuilt Iraq, without any foreign money or the original plans of the foreign manufacturers," said one Iraqi electrician. "Do you know we rebuilt our earth station? More than 100,000 fragments, all put back together."

But towers, mosques and earth stations cannot hide the clear plunge in Iraqis' living conditions in the past few months. As the same Iraqi put it: "Sanctions are hurting now. The first, second, third years – then maybe we were bluffing. It was for the foreign media, our suffering. But now it hurts."

There are plenty of signs that Iraq has reached a critical stage. Food supplies are perilously short. Iraq imported 70 per cent of its food, at an annual cost of $1.1bn, before the war. The government says it is now spending an annual $700m on food, and cannot do that for much longer. Last month it halved the basic rations of sugar, oil, rice and flour that every Iraqi has been entitled to since 1990. This year's harvest is down by a third on last year's poor crop. Farmers have not been able to get pesticides or fertilisers and, after four years' cropping without fallow, have leached their soil, say UN officials.

Rations only met 70 per cent of basic nutritional needs, before the cuts. Hence the rise in the number of children with stomachs bloated by malnutrition appearing in Baghdad's hospital beds. Doctors at the Saddam Children's Hospital say that so far this year they have admitted 500 children with marasmus, a severe form of malnutrition, compared with about 65 a year before the embargo. They are also critically short of drugs.

Food prices have soared. Two dozen eggs or a kilo of lamb costs ID1,000, about half an average government employee's monthly pay. One school teacher, buying an ID500 tin of baby-milk powder in the Shorjah souk, said this represented a third of her monthly income. "It's all the money I have, so I must spend it for my children," she said. "Of course we can't manage."

It is Iraq's salaried classes which are worst hit. Of Baghdad's 1m middle-class Christians, more than 300,000 are thought to have fled since 1991. The government is trying to staunch the flow. Dina, a 23-year-old secretary, says she qualified as a petrochemical engineer at Baghdad university, but has not been granted her degree papers. "Without it they know I can't get a job overseas," she says, adding that one college mate, a mechanical engineer, has resorted to selling cigarettes by the roadside for a living. Baghdad's souks are full of people selling the family silver – literally.

AP

Iraqis buying drugs at a state-run pharmacy in Baghdad, where the UN-imposed embargo is causing acute hardship

The Iraqi dinar has become funny money – locals refer to it simply as "paper". Hard economic data are rare, but the government estimates that prices have risen by 5,000 per cent since 1990. Exchange a $100 bill in Baghdad and you receive a 15cm bundle of dinars. Banks ferry money inside branches in supermarket trolleys and receive truck deliveries of notes each morning. The few who are making money out of sanctions, such as spare parts dealers, smugglers and the Baghdad-Amman taxi drivers in their hulking GMC Suburbans, buy their cars and houses with 50kg sack-loads of dinars.

A grim pall has settled over Baghdad. The city's restaurants are dark and empty. Public drinking has been banned. A rise in crime and low-level graft, once almost absent, and army desertions has seen the government resort to the severing of hands, feet or ears by way of punishment.

But while Iraqis' collective morale may never have sunk so low, there are few signs that this is coalescing into any articulated, let alone organised, opposition to Mr Saddam. Iraqis are keeping their private feelings private. "Even if Saddam has lost support – and there's no doubt many hate Saddam – people cannot react because they fear the regime," says a diplomat. Another suggests that with "one in 20 working for the *mukhabarat* [secret police], at a conservative guess", it is hard to assess what political forces are stirring.

Another year without reprieve from the embargo would certainly aggravate the ruin of Iraq's middle class and cause more crime and starvation, but it still might not shift the Iraqi leader.

The hardship of sanctions may even be strengthening Mr Saddam's hand, some argue. "Put it this way," says an ambassador in Baghdad, "at present, who is closer to the Iraqi people's concerns? The UN, the US and the exiled Iraqi opposition who want to keep sanctions on, or Saddam, who is fighting to get them lifted? Even those who hate Saddam are now in the same basket."

No one wholly rules out a palace coup from within Mr Saddam's al-Takrit clan elite, or a rising of disgruntled officers. But neither seems likely. And if either occurred, it would come out of the blue even for the most plugged-in observers.

The view from Baghdad is that Mr Saddam is staying, whatever the US, the UK and the Iraqi opposition may hope.

New corporate investors threaten the traditional Lloyd's Name, says **Ralph Atkins**

Endangered species

Having lost "an astonishingly large sum of money" at Lloyd's of London, Mr Glenie Joel, a 65 year-old retired soldier, is reluctant to offer financial advice. But he does have one tip: "I certainly wouldn't suggest that anyone went into Lloyd's."

In the past, becoming a Name at Lloyds, as Mr Joel did in 1988, appeared an attractive investment with considerable tax advantages. Today, with the insurance market having incurred enormous losses, the number of Names is shrinking rapidly. With the arrival at Lloyd's of increasing numbers of corporate investors, the future of the traditional Name looks still less certain.

The introduction into Lloyd's of capital from companies rather than individuals should take a step forward in the next few weeks when Wellington Underwriting announces that it has capital in place for a UK stock-market listing. By planning company to invest in a narrow range of Lloyd's insurance syndicates, it will be the closest a listed company has come to mimicking the role of individual Names in providing capital to underwrite insurance policies.

There is one crucial distinction, however. Whereas Names joined underwriting syndicates on the basis of unlimited liability – and were vulnerable down to their last collar stud, the maximum losses of corporate investors are capped.

LLOYD'S: SHRINKING FEELING

	No of Names actively underwriting	Total gross capacity £m
1981	na	3,562
1982	na	4,111
1983	na	4,381
1984	na	5,090
1985	26,019	6,682
1986	28,242	8,511
1987	30,936	10,290
1988	32,433	11,018
1989	31,829	10,956
1990	28,770	11,070
1991	26,538	11,382
1992	22,259	10,046
1993	19,537	8,678
1994	17,576	10,890*

*includes corporate capital

Source: Lloyd's

The emergence of the new listed Lloyd's companies raises the question of why prudent investors should want to invest again in Lloyd's on an unlimited basis. "Unlimited liability is going to go," says Mr John Mays of the Merrett Names Association, a group representing other Names who have lost money.

Unlimited liability offers high gearing – Names can underwrite policies paying premiums up to five times the value of their investment. In good years, this gearing level can mean high profits. However, the downside is illustrated by the fate of thousands of Feltrim and Gooda Walker Names, who have lost a total of more than £1bn and are chasing compensation through the courts.

Even without Lloyd's recent troubles, the traditional Name looked anachronistic. Some in the industry believe that unlimited liability is legal nonsense because nobody has unlimited assets.

At the same time, the organisational structure of Lloyd's – developed in the 17th century to provide simple marine insurance policies – is unlikely to be appropriate in an increasingly competitive market.

The tax advantages of becoming a UK Name have also diminished as income tax rates have fallen. Names could offset losses against marginal tax rates as high as 98 per cent in the late 1970s, and 60 per cent in the mid-1980s when Lloyd's membership was growing rapidly. With a top tax rate today of 40 per cent, the attraction has fallen.

Tax benefits remain: for example Names can keep profits in "special reserve" funds, without paying tax, to use for paying future losses. But that has not stopped Names leaving Lloyd's. In 1989 more than 31,000 Names were actively underwriting. Next year the total may drop below 16,000.

Lloyd's management is not yet ready to declare the traditional Name defunct. Mr David Rowland, chairman, believes the injection of corporate capital is critical to Lloyd's future. But he is keen to respect Names' interests.

"I want a level playing field between old and new capital so that market forces can dictate," says Mr Rowland. There are two good reasons for being fair to traditional investors at this stage.

First, the company investors are unproven. This year, the first in which corporate capital has been allowed, 25 companies have invested about £900m in the market. Most have spread their funds across a broad range of syndicates, sometimes as many as 100. Typically they are allowed to underwrite premiums worth twice their investment, a level of gearing that may not produce sufficient returns to entice investors. Under Lloyd's accounting rules, this year's underwriting profits will not begin to flow until 1996.

Second, Names will continue to provide most of Lloyd's finances for some years. Moreover, the high gearing is still attractive for some wealthy individuals. To lessen the risks of unlimited liability, Lloyd's introduced last year a "high level stop-loss" scheme offering protection against excessive losses.

Existing Names have an incentive to carry on trading – if they can afford to. Though 1992 is expected to have been loss-making, 1993 is regarded as having been profitable. Meanwhile relief is in sight from the problem of outstanding US pollution and asbestosis claims dating from as far back as the 1940s. Liabilities on policies underwritten by Names in 1985 or before are expected by the end of next year to have been taken over by Newco, a company set up by Lloyd's to "ring fence" the so-called "old years" problem. This should mean many Names can finally rid themselves of the still unquantified past losses.

The picture could, however, change considerably by 1996 or 1997 when insurance may have entered a cyclical downturn. "Before 2000 most of us who are still underwriting will be doing so with limited liability," says Mr Robert Saunders, director at accountancy and banking company Smith & Williamson.

By then the wider repercussions of introducing corporate capital will also have been felt. Corporate investors may want big changes to the Lloyd's underwriting system, and it could become hard for Lloyd's to balance the interests of companies and individuals on unlimited liability. The unlimited liability Name may become an endangered species.

Barry Riley: Weekend FT I

Louise Kehoe on the commercial appeal of 'virtual shopping malls'

The armchair shopper

A giant shopping centre will soon be built right on your doorstep. There will be hundreds of stores, banks, a supermarket, car dealerships, billboards – all within sight of your living-room armchair.

But don't rush to organise a protest. There will be no concrete poured in the construction of this mega-mall. It is a "virtual" shopping centre, just a few seconds down the information superhighway.

Electronic shopping centres are proliferating as retailers spot the chance to create a direct, low-cost marketing channel to a fast-growing and predominantly affluent group of consumers – home-computer users.

More than a third of all US households now have a personal computer and 12 per cent – approximately 11m people – are equipped with a modem that allows them access via the telephone to the electronic data networks. Among US households with an annual income exceeding $50,000, the percentage of "net travellers" – users of such networks – rises to 27 per cent.

This level of access has prompted a charge into electronic shopping, led by commercial networks such as Compuserve, America Online and Prodigy. They now have more than 5m subscribers who use their on-line discussion groups, live chat "rooms" and news services, as well as electronic shopping.

Each has an "electronic mall", with more than 100 stores selling products from a Brooks Brothers suit to honey-baked ham.

The Internet – a global web of computer networks with an estimated 25m-30m users – is also going commercial. Last month, Home Shopping Network, which operates the Home Shopping cable TV channel, acquired Internet Shopping Network (ISN), a fledgling Silicon Valley company that began selling computer products on the Internet five months ago.

"It is a bold step towards opening up a huge new market," says Mr Randy Adams, founder of ISN. Home Shopping is planning "a major push into the digital environment, a first step towards interactive television", he says.

With distribution and billing facilities already in place, Home Shopping Network is poised to create the first large-scale electronic shopping service on the Internet. Already there are dozens of smaller retailers on the Internet. Merchants from Palo Alto, in California's Silicon Valley, for example, have posted listings of their wares while the city's restaurants provide menus on-line.

For consumers, the main appeal of on-line shopping is convenience. Electronic stores are open 24 hours a day, seven days a week. The services draw "too busy, two-income families", say the electronic merchants.

Most of the computer shopping services available today take the form of product lists with detailed descriptions of the merchandise and discount prices. For people who know what they want – a particular brand of clothing or a specific model of a household appliance – on-line shopping is a quick way to find a bargain. Without even a picture of the product, however, it is hard to imagine buying an outfit for a special occasion or a piece of furniture from an on-line service.

But multimedia computers are beginning to make electronic shopping much more interesting. Industry analysts predict that on-line sales of goods and services will mushroom into a multi-billion dollar industry over the next three years as the technology becomes more widely available.

Electronic stores are open all day and attract 'too busy, two-income families'

A high-performance multimedia PC (now selling in the US for about $2,500) with a fast modem can handle graphics, audio and video clips, giving shoppers a much richer view of the products available. Multimedia also expands the range of goods and services that can be marketed effectively on-line.

For instance, the Global Network Navigator, a free Internet service provided by O'Reilly & Associates, a California publishing group, has established a "travel resource centre". Users can watch a video clip promoting the delights of a holiday resort, read travel articles, join a discussion group where people share travel experiences or check weather forecasts.

Even with a fast modem, however, on-line access to multimedia services through the telephone network can be tediously slow. A compromise approach that is gaining popularity involves publishing a multimedia catalogue on a CD-Rom disc which carries the images and sound. Updates on prices and availability, as well as ordering, are available on-line.

"The problem with the on-line world today is that the technology is long in the tooth," says Mr Stephen Tomlin, vice-president in charge of interactive technology development at QVC, Home Shopping Network's rival in the cable TV shopping market.

"To be a good merchant you have to have a rich interaction with the customer – show the merchandise, demonstrate its features and have a real dialogue. We are limited by current modem speeds," says Mr Tomlin.

Yet electronic shopping may be on the brink of a technology breakthrough that could give "virtual" shopping malls a competitive edge on the real thing. The latest computer network technology for electronic commerce provides "intelligent assistants" – computer programs that travel the data networks in search of information, or products, at the behest of their owners.

AT&T, the telecoms group, recently launched PersonaLink network service, the first commercial application of this technology. Using software developed by eShop, a California software venture, PersonaLink will create a "market square" with electronic shopping assistants to help subscribers browse, select and make purchases.

These "cyberpersonas" will get to know your interests and tastes, what sports you enjoy, your shoe size, your spending habits and more. Retailers will provide these "electronic assistants" to help you to make your purchases.

You might also want to create your own electronic assistant, who will look through several electronic stores to find what you need at the best available price.

These assistants will emulate the role of the high-street tailor who knew your measurements, the corner grocer who used to deliver a regular weekly order to your home, or the saleswoman who helped you to select Christmas gifts.

Many retailers see these developments as an opportunity to experiment in the brave new world of "virtual" shopping before it becomes a 21st century mass consumer service on "interactive television".

"It makes sense to get into the game, to understand what is going on," says Mr Tomlin.

So when are they going to start building that virtual shopping centre?

"It's not around the corner, but there is no doubt that it is going to happen," says Mr Adams. "We are young enough to wait."

LETTERS TO THE EDITOR

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Road pricing would benefit UK economy

From Mr Andrew Tylecote.

Sir, Charles Batchelor ("Dying romance of the open road", October 19) is too gloomy about the obstacles to a sea-change in transport policy.

Electronic road pricing will not damage the economy at all – on the contrary. The revenue raised will allow existing taxes to be lowered by the same amount; in fact, they could be lowered more, if one chose, given the National Health Service savings from less pollution and accidents. And business (like individuals) will benefit greatly from the reduction in congestion – high-technology industry is more concerned with speed and reliability than with direct cost of transport.

Country-dwellers will not be disadvantaged if, as is sensible, road pricing (and tight pollution control) is introduced first in urban areas – where the charges would always be higher.

Traffic-blighted communities can have their bypasses without serious damage to the countryside as long as they are narrow and discreet. At present that would be pointless, because drivers would scorn such an alternative; but if the charge for going through were high enough, they would go round.

Road pricing is a win-win option; what is the government waiting for?

Andrew Tylecote,
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Unsubstantiated failures

From Mr Barry Witcher.

Sir, Michael Hammer, ("No need for excuses", October 5) writing of re-engineering failure rates, says "...we find it breathtaking when the 70 per cent figure is cited as an authoritative statement of re-engineering's successes and failures because ... one of us made it up".

Something similar happened for total quality management (TQM); there, the authoritative failure figure is 80 per cent. It was cited widely at the recent annual conference of the British Academy of Management, yet research conducted at Durham and University of Manchester Institute of Science and Technology clearly showed that the vast majority of TQM is still in place, and that less than 5 per cent of organisations seem totally dissatisfied.

For example, in a large survey of organisations in Scotland last year, fewer than 1 per cent of organisations with TQM expressed total dissatisfaction. Perhaps for new things it is always "open season".

Barry Witcher,
director of postgraduate research,
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Single mother 'refugees' welcome in Brussels

From Ms Eileen Adams.

Sir, With reference to the article, "How to recognise the British ex-pat – executives who choose to live overseas" (Management, October 14), I note that the category of "political refugee" was overlooked. This includes that dreaded breed known as single mothers obliged to live outside their country.

That much maligned little city of Brussels accepts such ex-pats, allowing single parents to work and care for their offspring with the aid of state-run crèches and nursery schools of very good quality, open at convenient hours (07.30 to 18.30) and contributed to in accordance with their salary.

In turn, such refugees are fully contributing members of society and very happy to be part of a community which actually likes women and children, unlike life under a certain British government whose record on childcare leaves much to be desired.

Eileen Adams,
Avenue des Gaulois 13,
1040 Brussels,
Belgium

Simple ID card would make for simpler life

From Mr Warren Edwardes.

Sir, To my chagrin, my Spanish wife can enter and leave the UK with no more than a credit card-sized ID card. Furthermore, in many countries ID cards are essential for day-to-day business purposes, such as entering clients' offices. Passports have to be carried in lieu of ID cards.

To avoid the hassle of carrying a passport while abroad I have made myself an ID card. While consulting in South Africa last year, I stuck a photograph on my UK driving licence and my client overstamped it and signed it.

I have had no problems with my "official" papers within and without the EU, though I have not yet tried it at a frontier.

May I suggest a cheap and speedy low-tech ID card – the back cover of the EU/UK passport. The blank reverse could contain the holder's signature, driving licence and National Insurance details.

Warren Edwardes,
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Globalisation still a route to sustainable success

From Mr Mark H J Radcliffe.

Sir, Bronwen Maddox, in her article "Masters of a fragmented universe" (October 17), says globalisation is now only being heard of from a handful of industries. That this is so is less to do with flawed acquisition strategies than to do with a failure to conceive and implement effectively.

There are dozens of industries where sustainable success, and financial return, will only be ultimately achieved by those who can get their global act together.

The reasons for some industries being susceptible to globalisation and others not range from the need to recover high R&D or tooling costs (eg, pharmaceutical and automotive), the utilisation of special knowledge or servicing skills (eg, international plant construction and maintenance, or advisers such as auditors), or brand recognition and quality assurance (eg, McDonald's).

We need to encourage and not discourage those businessmen with the vision, courage and capability to do it, rather than taking a narrow, comfortable and parochial route.

Mark H J Radcliffe,
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EU is about domestic policy

From Mr Gary Titley MEP.

Sir, Ian Davidson reproduces the misconception which is a flaw in the UK's attitude towards the EU – that European policy is a part of foreign policy and so is remote from everyday existence ("Blair's EU labours", October 12). The EU is about domestic policy and should be interwoven in all our debates. Only then will the British get to grips with "Europe". It was presumably in recognition of this that Tony Blair gave his deputy, John Prescott, a European remit.

Gary Titley,
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EVC institutions reject claims by Greenpeace

By Tim Burt

City institutions handling the imminent flotation of EVC International, Europe's largest PVC manufacturer, yesterday rejected claims that they had over-valued the company and failed to warn potential investors of environmental risks.

SG Warburg and Kleinwort Benson both accused Greenpeace, the environmental pressure group, of using selective and distorted facts in a circular urging fund managers to avoid the float, which is expected to value the company at more than £400m.

In its first-ever approach to institutional investors, Greenpeace criticised research on EVC by Warburg, joint global co-ordinator to the placing and open offer, and Kleinwort Benson, lead manager on the issue.

"A valuation of EVC made on the basis of these reports would, in our view, overstate the company's worth," Greenpeace said.

The Dutch-based company, jointly-owned by ICI and Enichem of Italy, will unveil its flotation price tag on Monday when its pathfinder prospectus is published.

Researchers at Greenpeace, however, warned that the newly floated company would face mounting environmental and safety pressures, prompted by concerns over dioxins and other toxic emissions during PVC production.

"The increasing availability of viable substitutes will erode traditional PVC markets in Europe and the US," the pressure group added.

Warburg, which described the environmental pressures on EVC as "limited", said it stood by its views and was confident of support from fund managers.

Officials at Kleinwort, meanwhile, said: "We have never glossed over the environmental controversy surrounding PVC. But our tentative view is that these pressures are past their worst."

Environmental concerns and restrictions on the use of PVC, particularly in packaging, contributed to combined pre-tax losses of Fl 827m (£304m) at EVC over the last three years.

Although cost cutting is understood to have improved the joint venture's financial performance in recent months, ICI – which publishes its third-quarter results next Thursday – is expected to endure a £125m write-down on its EVC assets in the final quarter.

Lucas pips Valeo to US components company

By Paul Cheeseright, Midlands Correspondent

Lucas Industries, the automotive and aerospace component manufacturer, has moved to strengthen its US business by agreeing to buy for $87m (£54m) cash Lake Center Industries from Guy F Atkinson of San Bruno, California.

This is $7m more than the sum which Valeo, the French components manufacturer, said it would pay for the company. Valeo announced last Monday that it had reached agreement to buy LCI.

Atkinson and Lucas had been "talking over the last few weeks", Lucas said. The discussions continued despite the Valeo announcement, indicating that Atkinson had been playing one potential buyer off against the other.

Valeo said that it "had not accepted a new request on the part of Atkinson to increase the acquisition price and to modify certain essential conditions initially agreed." It would not therefore go ahead with the purchase.

Both Valeo and Lucas have been anxious to build up their presence in the US. Lucas, seeking to strengthen its core automotive and aerospace activities, will fit LCI into its automotive Body Systems business, which specialises in electronic systems used inside vehicles. Body Systems is one of the nine business areas Lucas has designated as central to its future.

LCI's speciality is the manufacture of control systems for heating and ventilation of vehicles, products which Lucas has not made.

The purchase will enhance its ability to offer complete in-vehicle electronic systems.

This year LCI expects sales of $110m, rising to $140m next year. In 1993 it had pre-tax profits of $5.7m and net assets of $23.2m. LCI works on eight sites and employs 1,370 people.

Demand from generators will slump in late 1990s, report predicts

Value of coal assets questioned

The successful bidders for British Coal mines have offered far more than is being paid for coal assets on the international market, according to an analysis published yesterday.

The report in Coal UK, the Financial Times newsletter, predicts a slump in demand for coal from the electricity generators in the late 1990s. It will fuel questions over whether the bidders have paid too much and can sustain long-term profits.

The report casts doubts over the ability of RJB Mining, chosen as preferred bidder for all three English regions, to make significant profits after 1998, when existing contracts with the generators end.

After 1998, "it is difficult to believe that its margins will be sufficient to cover ongoing costs, the costs of closures and any leftovers from the bid".

Coal UK says that whether the bids are measured in pounds per tonne of reserves or pounds per tonne of saleable coal, the winning bidders for England and Wales are paying much more than has recently been paid for coal assets in other countries.

"Overseas investors would almost certainly look on British Coal as high cost and producing poor quality coal."

RJB's £900m bid equates to £1.54 per tonne of reserves and £28 per tonne for saleable coal.

The report says that only one international sale has been higher recently and that involved low sulphur mines.

"All other international deals were at less than £24 a tonne and the vast bulk at below £20."

The report forecasts that the English power market for coal is likely to be squeezed further following government decisions to allow new gas-fired power stations.

The English market could be below 25m tonnes by 2000, according to the analysis.

National Power and PowerGen, the two fossil-fuel generators, currently buy 30m tonnes a year. RJB has said it sees limited decline after 1998.

Mining (Scotland), the consortium in which Waverley Mining Finance and Coal Investments have stakes, is believed to have offered £60m to become the preferred bidder for British Coal's Scottish mining assets.

This equates to £1.58 per tonne for the reserves and £12 a tonne for saleable coal.

"The latter figure is the only one that fits into the international perspective. The reserve valuation is way above comparable international deals which range from 20p to 40p per tonne."

Celtic Energy's estimated £95m tender for South Wales, which also has preferred bidder status, equates to £1.79 per tonne of reserves and £47.50 per tonne of saleable coal.

F&C share issue to raise £115m

By Bethan Hutton

Foreign & Colonial Emerging Markets Investment Trust is set to raise up to £115m of new capital with a C share issue.

Institutional investors have already spoken for 85m C shares at 100p during the placing stage, and a further 30m shares are available in a public offer opening on October 24. Demand has already exceeded F&C's expectations; the group had expected to cap the issue at £70m.

The trust currently has assets of about £150m. The additional capital will make it the second largest general emerging markets trust, after Templeton Emerging Markets, which has assets of £509m.

According to figures from Smith New Court, the F&C trust was last week trading at a package premium – taking both shares and warrants into account – to net asset value of 8.9 per cent, meaning that even after costs, the new issue should be a cheaper way to buy into the fund than acquiring shares in the market.

The trust's current asset allocation gives the heaviest weighting to Latin America (43 per cent) and Asia (37 per cent), with smaller amounts in Europe, the Middle East and Africa. Figures from the Association of Investment Trust Companies place its share price performance second in its sector over three years to end September.

Dealing in the C shares is due to start on November 18, and their conversion into new ordinary shares and warrants will take place by March 31 1995.

Aviation setback leaves Hunting down at £13.5m

By Christopher Price

Tough trading conditions in the aviation business dented first half pre-tax profits at Hunting, which yesterday reported a 24 per cent decline from £17.7m to £13.5m – although last year's figure was flattered by a £5.8m contribution from the sale of a subsidiary.

At the operating level, profits from continuing operations were down 10 per cent from £18.3m to £16.5m.

Operating profits in the aviation division fell from £3.7m to £1.5m on turnover up 9 per cent at £81.1m (£74.7m). A lack of orders from both the civil and military aviation sides hit the group's overhauling and fitting business. Likewise, slack demand for the Saab 340 and BAe Jetstream 41 aircraft affected the company's interiors business.

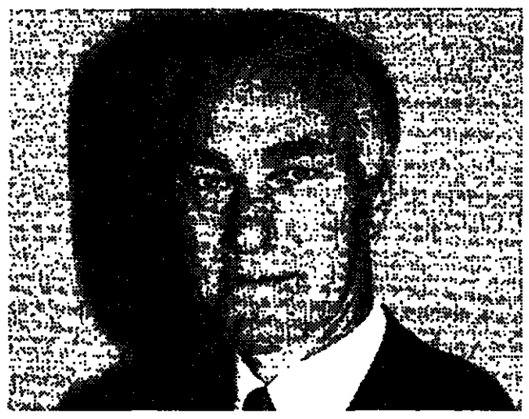
On the defence side, operating profits rose 42 per cent to £7.4m (£5.2m) on turnover 77 per cent ahead at £223.8m (£126.7m). The figures were boosted by the first full interim contribution from the management contract to run the Atomic Weapons Establishment at Aldermaston. This included an operating profit of £2.8m.

Profits from the oil services business were hit by weak oil prices in the first quarter, declining 19 per cent to £7.6m (£9.4m). Turnover fell 17 per cent to £254.2m (£305.3m).

Group turnover advanced 10 per cent to £559.1m (£509.8m). Earnings per share fell from 8.3p to 4.6p. The interim dividend is maintained at 4p.

Despite the downturn, Mr Ken Miller, chief executive, was optimistic on the outlook for the group. "There have been special circumstances this year which have affected our performance. But the benefits from our cost saving programme will come through next year, the outlook for the aviation business is more favourable, the defence business order book is good and there's more activity in the oil business."

The market took a dimmer view and the shares slipped 3p to 159p, their lowest point since December 1993. Analysts cut their profit forecasts for the year by about 15 per cent, with most settling in a range from £28m to £31m.



Trevor Humphries

Ken Miller: special circumstances affected performance this year

BCE moves into electronic games with £14m purchase

By David Blackwell

Shares in BCE Holdings were suspended yesterday at 9½p, after the announcement of a deal that will take the snooker and pool products distributor into the electronic games industry and more than treble its size.

The USM-traded group, which has a market capitalisation of just under £6m, has agreed in principle to acquire for £14m Rage Software and another similar company involved in the development of video and computer games.

Mr Robin Jones, managing director, said that the two companies, which together employ about 100 people, had developed games that had sold hundreds of thousands of copies. One of Rage's most successful products was Striker, a football game.

Mr Jones and a partner bought into BCE from former chairman Mr David Fisher in October last year. Since then, said Mr Jones, the new management has transformed the group, which includes a chain of 10 games arcades in London.

He expects the circular proposing the latest deal to be sent to shareholders in three to four weeks, with an extraordinary meeting soon after. The money is likely to be raised in a placing and open offer.

After the purchase the group's market capitalisation is expected to be at least £25m. The vendors of the games businesses will be keeping a substantial amount of the equity.

Last August, BCE reported a deficit of £796,000 before and after tax for the year to March 31. The outcome, on turnover of £3.73m, took in exceptional charges totalling £203,000.

GEC asked to clarify bid intentions

By Tim Burt

The Takeover Panel indicated yesterday that it had approached GEC to clarify whether the industrial group was considering a bid for British Aerospace or VSEL, the submarine manufacturer which has agreed a takeover offer from BAe.

The move follows a report earlier this week that GEC was considering a hostile bid for VSEL, but had virtually ruled out an offer for BAe, the aircraft and defence equipment company.

While the panel admitted it was following up the report, it is unlikely to force GEC to clarify its intentions.

The group, headed by Lord Weinstock, emerged as a possible predator for VSEL soon after it received BAe's £478.5m agreed bid last week.

On Tuesday, BAe tried to head off a counter-bid by telling GEC it would be prepared to resume talks on merging the two companies' defence interests if it abandoned its interest in the Barrow-based shipbuilder. GEC was said to be unimpressed by the offer.

Both groups are interested in VSEL because it would extend their interests in shipbuilding, and would bring the £2.5bn contract for the next generation of five Trafalgar class nuclear submarines.

Sphere board recommends bid rejection

By Bethan Hutton

The board of Sphere Investment Trust yesterday advised shareholders not to accept an offer from Dartmoor Investment Trust.

It recommended retaining the shares, or selling them in the market. Warrant holders were advised to accept a separate offer for their warrants.

Dartmoor is offering eight new income shares for every 25 Sphere income and residual capital shares. It has received provisional acceptances for more than 52 per cent of the shares, held by itself, its managers, Exeter, and Abtrust Fund Managers.

Sphere's board said it did not believe this was a fair or reasonable offer for the shares, but acknowledged it was likely that the bid would become unconditional.

Its recommendation was based on assurances from Dartmoor that Sphere would continue as a separately quoted trust, retaining the same managers, with a broadly equivalent portfolio to the past, until it was liquidated as scheduled, or rolled over into a successor trust.

ASW in talks over French deal

By Andrew Baxter in London and John Ridding in Paris

ASW Holdings said yesterday it was in talks which may lead to it buying a majority stake in Société des Aciers d'Armature, the steel reinforcement operations of Usinor Sacilor, the state-owned French steelmaker

A deal with Usinor would give the Cardiff-based steel products and construction systems group its first steel plants outside the UK, ending a long search for a sizeable European acquisition. It would increase its workforce by more than 50 per cent to 3,400.

No price was disclosed, and ASW said a further announcement would be made "when appropriate".

Usinor, Europe's largest steelmaker, said the disposal of SAM, which manufactures wire and rods for use in reinforced concrete, was part of its strategy of concentrating on core activities.

Over the past few years, Usinor has been restructuring SAM, which suffered losses of FFr270m (£32.4m) last year on sales of FFr2.3bn. The losses partly reflected the depressed state of the construction market in 1993 and the costs of renovating the company's furnaces.

The French group said SAM's results would show an improvement in 1994, while industry observers said the subsidiary should come close to break even for the year.

SAM has a total workforce of about 1,150 and produces concrete reinforcement steels at two plants, one near Paris and the other in the Lorraine region.

It also controls several European wire mesh manufacturers, including Ludwig of Germany, Ilro of Italy and Tréfilarbed Gent of Belgium.

The negotiations with ASW are expected to involve the sale of a majority stake in SAM, rather than the entire Usinor holding. The British group would take management control.

Purchase of a stake would extend ASW's presence in the steel reinforcement business, one of the products within its Allied Steel and Wire business.

A deal is likely to be followed by cost-cutting at SAM, observers believe.

NatWest signs Mondex cash card deal with Hongkong Bank

By John Gapper, Banking Editor

National Westminster Bank has made the first step in its attempt to establish global usage for its Mondex electronic cash card by selling the rights to franchise the card in several Asian countries to Hongkong & Shanghai Banking Corporation.

NatWest is also in talks with banks in Germany, France and the US to sell the rights to franchise and develop the use of the card in those countries.

In return it is offering them equity stakes in a new company that will control Mondex, in which NatWest will have a golden share.

NatWest is planning to test the card – which can be loaded by consumers with electronic cash units and used in shops to pay for goods and services – in Swindon next year. The British rights are held by NatWest in partnership with Midland Bank and British Telecom.

Hongkong Bank, which is a subsidiary of HSBC Holdings, has acquired the rights to franchise the card in Hong Kong, China, India, Indonesia, Macau, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand. Hongkong Bank Malaysia will have rights in Malaysia.

Mr Bert Morris, deputy chief executive of NatWest, said that the bank was in talks with about 30 banks in 115 countries.

Mr Morris said he believed NatWest would be able to charge UK consumers for the use of the card. "We have not taken any decision, as my inclination would be not to give it away. The banking industry has given far too many things away."

He said the agreement gave Hongkong Bank exclusive rights until 2005, but that NatWest was talking to other banks in south-east Asia.

NatWest wants to establish Mondex as the worldwide standard for cash cards. It uses a microchip to store cash units, and can be loaded at home with an adapted telephone.

Telemetrix US offshoot expands

Telemetrix, the supplier of specialised electronic components, said that GTI, its 58 per cent-owned US offshoot, is buying 70 per cent of Promptus Communications for about $19m (£12m) cash.

Promptus supplies high-speed digital network access solutions for videoconferencing, large-scale data transfer, image transfer, transmission of integrated voice/data/video information and other multimedia applications.

GTI will fund the purchase partly from its own cash resources and term debt and partly from a placing of up to 650,000 shares. Telemetrix is expected to buy up to 375,000 shares.

Promptus' management will continue to operate the company and will retain the remaining 30 per cent interest. The acquisition is expected to close within 60 days and in the interim GTI will make a pre-closing cash infusion of $500,000 to fund product development.

At the same time, GTI reported a 44 per cent fall in net income from $3.56m to $1.99m for the third quarter to September 30. Sales were 13 per cent ahead at $37.1m ($32.8m). Earnings per share were 20 cents (35 cents).

Rebel Barrs to oppose plans to enfranchise non-voting shares

By Richard Wolffe

Mr Nicholas and Mr Robert Barr, the brothers who are attempting to unseat their uncle, Mr Malcolm Barr, as chairman of Barr & Wallace Arnold Trust, yesterday pledged to vote down the board's plans to enfranchise non-voting shares.

The brothers, who speak for 30 per cent of the voting shares, sent a letter to Hambros, the leisure and motor distribution group's financial advisers, stating their opposition to the board's resolution. The board needs a 75 per cent majority to succeed.

They also repeated their demands for the removal of Mr Malcolm Barr along with his chief executive, Mr John Parker, and his finance director, Mr Brian Small. A second meeting will vote on Mr Parker and Mr Small before December.

"This did not start out as a family feud," said Mr Nicholas Barr. "We tried to the best of our ability to persuade Malcolm Barr to take a graceful and dignified exit from his position on the board. He chose to have no interest in any of those proposals."

The board yesterday declared its intention to continue with its EGM, and is expected to issue a document next week, which is thought to include an audited profit forecast, as well as details of the 1-for-1 scrip issue to compensate ordinary shareholders for the loss of voting control.

Ironically, enfranchisement is one of the rebels' principal proposals for modernising the company. The group's 10m non-voting shares are mainly owned by institutions.

Nicholas and Robert are the sons of Mr Stuart Barr, the managing director who died two years ago.

Stagecoach £8.36m acquisition

Stagecoach Holdings, the bus and coach operator, is acquiring Cleveland Transit and the rest of Kingston Upon Hull Transport, which provides bus services in Middlesbrough, Stockton-on-Tees and Hull, in a £8.36m deal.

Undertakings to accept the agreed offer have been received in respect of 51 per cent of the shares in Cleveland, which holds 51 per cent of Kingston Transport.

The 359-for-200 offer values Cleveland at £7.7m and could involve the issue of 3.59m shares. There are 385p-a-share cash and loan note alternatives.

The 305,970 share offer for the outstanding stake in Kingston Transport is worth £656,000.

In the year to March 26 Cleveland reported pre-tax profits of £950,000 on turnover of £11.4m. Net assets at the period-end were £117,000 after writing off goodwill of about £1.2m.

The results included Kingston from December 10 in which time it had pre-tax profits of £50,000 on turnover of £2.4m.

Stagecoach said that Cleveland already had operating margins of 10 per cent.

Nonetheless, improved profits could be achieved with further investment in new vehicles and economies of scale from the enlarged group.

NEWS DIGEST

High-Point loss little changed

The expected return to profitability at High-Point, the engineering and consultancy group, failed to materialise and there was a marginally increased full-year pre-tax loss of £442,000, against £440,000.

The shares fell 9p to 46p.

The figure, which Mr Peter Johnson, chairman, described as "disappointing", came from turnover of £43.2m (£48.6m) for the year to May 31. The 1993 loss was, however, struck after a profit of £955,000 on the disposal of discontinued operations.

Interest charges took £1.07m (£1.59m) as borrowings remained "unacceptably high".

After tax of £118,000 (£2,000) losses per share deepened to 11.5p (8.6p). The proposed dividend is maintained at 0.5p.

Air London lower

Turnover at Air London International, the charter broker, rose from £15.2m to £18.1m for the year to July 31.

However, pressure on margins and higher overheads, arising mainly from increased sales efforts, left pre-tax profits 13 per cent lower at £640,000, against £726,000.

Earnings per share dropped to 4.7p (5.6p) but an unchanged recommended final dividend of 1.9p holds the total at 3.5p.

Mr Tony Mack, chairman, said that most progress had been shown by the executive aircraft charter operation, particularly in the second half.

Azlan statement

Azlan Group, the computer networking products distributor, said operating profits for the half year to September 30 would be in line with management expectations at about £1.2m.

Sales were expected to be £37.7m, with a gross profit margin of about 25 per cent. Trading had been slow in the UK in the first half of the year but overseas trading was strong and an improvement was expected in the second half.

Brit American Film

British & American Film Holdings, the investment company with small film production and distribution activities, reported pre-tax profits of £675,000 for the six months to June 30, against £618,000.

The increase was achieved on turnover of £839,000 (£775,000). The interim dividend goes up to 4.8p (4.275p), payable from earnings of 18.48p (14.29p).

Sir John Woolf, chairman, called on the Accounting Standards Board to review the impact of the introduction of FRS 3 to counter "the unfortunate effect of introducing a significant element of unnecessary volatility to our results".

On a pre-FRS 3 basis, the pre-tax line amounted to £697,000 and earnings to 19.24p.

HG Smaller

Net asset value of the Hoare Govett Smaller Companies Index Investment Trust dropped by 5.5 per cent to 126.56p per share in the six months to September 30, against 133.92p at March 31.

Net available revenue increased to £883,136 (£636,939) and earnings per share came out at 1.33p (2.23p). An unchanged interim dividend of 1p is declared.

R&M Geared

Net asset value of River & Mercantile Geared Capital & Income Trust 1999 dipped to 33.28p per preferred capital share as at September 30, against values of 36.63p at March 31 and 36.05p a year earlier.

Attributable revenue for the half year to end-September fell 16 per cent to £461,000 (£549,000) giving earnings of 3.29p (3.92p) per income share. The second interim dividend is maintained at 1.4p, making 2.8p to date, and the directors hope to pay a total of at least last year's 7.525p.

Ecu Trust

Net asset value per share of the Ecu Trust fell 6 per cent from 71.3p to 67p during the 12 months to June 30.

Net revenue for the year was £224,304 (£239,476) after an increased tax charge of £160,484 (£73,715). Earnings per share were 0.75p (0.76p) and a single unchanged final dividend of 0.5p is proposed.

Govett Strategic

Net assets of Govett Strategic Investment Trust dropped from 298.07p to 271.14p per share in the year ended September 30.

Net available revenue was £6.69m (£7.03m) and earnings per share came to 6.78p (7.16p). The final dividend was 4.1p (same), for an unchanged total of 6.75p.

London American

London American Growth Trust ended the six months to September 30 with net asset value per share at 56.6p. This compared with 64.5p at the end of the year to March 31 1994 and 53.3p at the end of the previous first half.

Total income declined to £63,000 (£804,000). Net losses were £344,000 (£392,000 profits), for losses per share of 0.38p (0.36p earnings).

Holliday Chemical

Holliday Chemical Holdings, the speciality chemicals manufacturer, has acquired Mallinckrodt's photo-chemical plant in Dieburg, Germany, for about $8m (£5m) cash.

Some $5m is payable on completion with the balance a year later.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Air London § ....fin	1.9	Dec 9	1.9	3.5	3.5
Brit Amer Film ....int	4.8	Nov 25	4.275	-	13.575
High-Point ....fin	0.5	-	0.5	0.5	0.5
Hunting ....int	4	Dec 16	4	-	10

Dividends shown pence per share net except where otherwise stated. §USM stock.

Hochtief stalks Holzmann stake

By Michael Lindemann in Bonn

Hochtief, Germany's second largest construction company, may try to get a controlling stake in Philipp Holzmann, if its larger rival does not co-operate with efforts to co-ordinate their foreign operations.

Mr Hans-Peter Keitel, Hochtief's chief executive, said his company would need a shareholding of about 40 per cent to control voting at Holzmann shareholder meetings where usually a maximum of 80 per cent of the shares are represented.

However, he said he would not push for a full merger of the two groups which would remain competitors in the German market.

In mid-September, Hochtief said it would raise its 18.7 per cent in Holzmann by buying a further 10 per cent from BfG Bank. Mr Keitel said since then Holzmann had made what he called an "emotional" rejection of any ideas of co-operation.

Hochtief's increased stake is being reviewed by the Federal Cartel Office which is examining a range of different markets, from tunnel boring to bridge building, to see whether competition would be distorted.

The review is not likely to be completed until mid-January. However, if Hochtief wins approval to go over the key 25 per cent share threshold which allows it to block supervisory board decisions there are no reasons why Hochtief could not raise its stake to 49.9 per cent.

Hochtief is likely to be able to pick up the 5 per cent stake held by Commerzbank, the group's house bank, but it is unclear where it will find the outstanding shares.

Deutsche Bank, with 25.9 per cent, is the largest of Holzmann's shareholders. Yesterday it refused to say whether it would sell any of its shares.

"We are observing the situation and must wait for signals from the monopolies authority," the bank said.

Holzman said institutional investors held about 9 per cent of the company and that the balance was held by small shareholders, many of whom do not attend meetings.

Since Hochtief unveiled its strategy, Mr Lothar Mayer, Holzmann's chief executive, has said he wanted the company to remain independent. It is likely that he will try to persuade Deutsche Bank not to sell its shares. He will argue that if Hochtief wins control it would give RWE, which owns Hochtief and is also the country's largest utility, a too powerful position in Germany.

Deutsche said earlier this year it would reduce its shareholdings in a number of German companies and use the money to buy stakes in international companies. It hinted that it did not regard its Holzmann holding as a strategic investment by refusing to participate in a rights issue last year.

Hochtief has a turnover of about DM8bn ($5.1bn), less than Holzmann's DM12.4bn, but is considerably more profitable, reporting earnings last year of DM122m compared with Holzmann's DM106m.

Volkswagen confirms ousting of director

By Andrew Fisher in Frankfurt

The ousting of Mr Werner Schmidt as Volkswagen's finance director was confirmed yesterday by the German car company. The group gave no reason for the widely expected decision which has been linked to heavy losses at VW's Seat subsidiary in Spain.

After a meeting of its supervisory board, the non-executive board which decides top management appointments, VW said Mr Schmidt, 62, would step down at the end of the year. He would continue to advise the company on a consultancy basis.

Last year, Seat nearly collapsed, making an unexpected loss of DM1.8bn ($1.2bn). Seat's chairman, Mr Juan Antonio Diaz Alvarez, was sacked last autumn; the rest of the top management has since been replaced.

Mr Schmidt was head of Seat's supervisory board at the time, although there has been no suggestion he was any more aware of Seat's problems than Mr Ferdinand Piëch, VW's chairman.

Mr Schmidt, with the group for 27 years (including 19 on the board), was not one of Mr Piëch's close associates. Relations have been cool since Mr Piëch became head of the group at the start of 1993. It appeared that his determination to remove Mr Schmidt – whose career has included spells as head of exports, chairman of VW in Brazil and head of Audi, the executive car subsidiary – was reinforced last month after a secret auditor's report by the Arthur Andersen accountancy concern on how the Seat losses occurred.

VW said yesterday it intended to implement recommendations by Arthur Andersen aimed at tightening up its financial controls. Following Mr Schmidt's departure, Mr Bruno Adelt will become board member for financial controlling and accounting and Mr Jens Neumann, the director responsible for group strategy, would add the group treasury function to his activities.

American Brands lifted by cigarette operations

By Richard Tomkins in New York

A big increase in profits from cigarettes helped American Brands, the US consumer products group, lift net income 79 per cent to $152m in the third quarter, the company reported yesterday.

Like Philip Morris, which reported earlier in the week, American Brands benefited from a favourable comparison with a year in which US cigarette makers were badly hit by a bout of price cutting in their domestic market.

American Tobacco, the group's cigarette manufacturing operation, contributed operating profits of $49m compared with a loss of $35m last time. The prior year's losses included a $30m restructuring provision.

Earlier this year, American Brands agreed to sell American Tobacco to BAT Industries of the UK, for $1bn, but the sale is undergoing an anti-trust review by the Federal Trade Commission because BAT owns Brown & Williamson, the third biggest US tobacco group.

Group revenues rose 11 per cent to $3.7bn and operating profits rose 39 per cent to $345.4m. Earnings per share rose to 75 cents from 42 cents helped by a reduction in the tax charge to 42 per cent from 47 per cent.

Mr William Alley, chairman and chief executive, said the company had experienced broad gains across most of its operations. Gallaher Tobacco, the UK's biggest cigarette company, increased its contribution by 5 per cent even though last year's third-quarter benefited from trade buying in advance of an August 1993 price increase.

Non-tobacco operations increased their contribution to operating profits by 6 per cent to a record $182.5m.

The group saw double-digit increases from distilled spirits and from each of the businesses described by American Brands as long-term growth operations: hardware and home improvement products, office products and golfing equipment.

Sapporo to end 11-year link with US brewer

By William Dawkins in Tokyo

Sapporo Breweries, the third largest of Japan's four main beer companies, plans to end its 11-year-old distribution deal with Miller Brewing of the US.

Sapporo wishes to end its exclusive partnership with Miller, a unit of Philip Morris, to free itself to distribute a wider range of foreign beers, the Japanese brewer said.

The present contract restricts Sapporo to selling Miller's and no other foreign beer, a disadvantage to the Japanese partner at a time when beer imports to Japan are rising fast. The pair had come to an amicable agreement to end their partnership within the year, Sapporo said.

Foreign beer sales in Japan multiplied five-fold in the first half, propelled by the ease with which the yen's strength allows them to undercut Japanese beer prices. There has been a shift in consumer taste, and decline in brand loyalty.

Even after their fast growth, beer imports take only a 3 per cent market share, compared with Sapporo's 18.5 per cent. But the growth in competition has been enough to trigger a beer price war and oblige brewers to review their distribution and production arrangements.

Japan's brokers stall at halfway

By Emiko Terazono in Tokyo

Interim earnings at Japan's leading brokers were held back by lower-than-expected stock market volume which resulted in reduced stock broking commissions. Most securities houses had expected average daily turnover to total about Y400bn ($4.1bn) for the first half to September, but brokerage officials said the actual figure had been about Y350bn, down 15 per cent from a year earlier.

They also blamed the reduction in bond trading profits due to the bond market fall earlier this year.

In spite of reduced costs, the fall in revenues hit all brokers, with only four – Nomura Securities, Daiwa Securities, Nikko Securities and Kosei Securities – out of the top 20 managing to avoid losses on the after-tax profit level.

Salomon Brothers in Tokyo said equity brokerage commissions declined by 20.4 per cent for the top 20 brokers. Underwriting commissions were up 38.2 per cent while gains from stock and bond trading fell 60 per cent.

At Nomura, the industry leader, income from stock brokerage commission fell 14.6 per cent to Y51.2bn, while underwriting commissions rose 3.8 times to Y11.5m thanks to active convertible bond issuance.

For the full year to next March, the company expects a 38 per cent rise in recurring profits to Y70bn on a 3 per cent increase in operating income to Y410bn.

Daiwa's stock brokerage commission income fell 25.1 per cent to Y36.8bn and stock underwriting commission income fell 11.4 per cent to Y2.6bn.

For the full year, the company forecasts a 23 per cent decline in recurring profits to Y40bn and an 8 per cent fall in revenue to Y273bn.

Nikko saw its stock brokerage commissions fall 20.8 per cent to Y38.7bn but stock underwriting commissions rose 2.4 times to Y7.3bn.

The group expects recurring profits to fall 14 per cent for the full year to Y30bn on a 7 per cent decline in operating income to Y260bn.

Yamaichi posted a 22.7 per cent drop in stock brokerage commissions while stock underwriting commissions rose 3.6 times.

For the full year, the company expects a 27 per cent fall in recurring profits to Y13bn and a 3 per cent reduction in operating revenues to Y228bn.

The smaller brokers, which rely more heavily on stock brokerage commissions from retail clients were especially hard hit by the sluggish market volume and the inactivity among individual investors. Sanyo Securities, which faced an erosion of its market share posted a recurring loss of Y13.5bn, while New Japan, Wako, and Okasan which managed to return to the black for the year to last March, fell back into the red.

Of the 10 second-tier brokers, only Sanyo and Kankaku are forecasting losses on the recurring level. However, since the estimates are based on projections that average daily turnover will total Y400bn-Y450bn, analysts expect many of the other smaller brokers may not achieve their forecasts.

See Lex

Big four brokers' results

	Yen (bn) revenue	% change	Yen (bn) recurring profits	% change
Nomura	190.9	-5.5	22.5	-11.3
Daiwa	124.9	-21.1	7.3	-79.4
Nikko	116.8	-15.1	2.3	-81.9
Yamaichi	100.3	-17.1	-8.7	-

Poor sales hold back Kellogg

By Richard Tomkins

Another quarter of poor sales in the US held back profits growth at Kellogg, the US breakfast cereal maker, in the three months to September. Net income rose 4 per cent to $216.7m from $209.3m, lifting earnings per share to 96 cents from 90 cents.

Kellogg said US cereal volumes were hit because it reduced promotional spending on money-off coupons. However, it said the setback was more than offset by solid results from Europe, Latin America and the Asia-Pacific region. Sales rose 4 per cent to $1.74bn.

Kellogg, like other manufacturers of premium cereal brands, has been fighting tough competition in its home market from cheaper products and own-label brands. Earlier this year General Mills, Kellogg's biggest competitor, switched strategy by reigning in promotional spending and cutting prices by 11 per cent.

Kellogg has cut promotional spending, but is reluctant to win back market share by cutting prices. Instead, it is using the money saved on promotions to increase advertising.

Mr Arnold Langbo, chairman and chief executive, said: "We are monitoring the situation carefully, but continue to believe that the best way to achieve long-term profitable growth is by introducing successful new products and investing in brand-building advertising."

One factor that should have helped Kellogg's US sales was the disruption that hit General Mills when it discovered its cereals had been treated with an unauthorised pesticide and had to throw away 50m boxes of cereal.

Kellogg has focused on growth overseas: "We are particularly pleased that we achieved volume growth in virtually every developing market around the world, and are encouraged by the initial response to our products by consumers in India, our newest market," Mr Langbo said.

Workers will own Digital unit

By Alan Cane

The German subsidiary of Digital Equipment, the loss-making US computer maker, is establishing an independent, employee-owned company to provide continued employment for about 1,500 staff. The unit is being forced to sack them as part of its restructuring measures.

The new company, Mitarbeitergesellschaft (Employee-owned Company) or MAG will be set up in Munich. Employees transferring to the new company will have their length of service recognised by the new company in addition to their salaries, fringe benefits and retirement schemes.

Mr Klaus Lutz, personnel director for Digital Deutschland, and Mr Dieter Jung, chairman of the company's works council said the initiative was: "An innovative way of securing employment".

The plan was approved yesterday by Digital Deutschland, the German trade unions and the local works council.

MAG's initial business will come from Digital Deutschland. It will be free to market products and services in areas of the computer business where Digital no longer intends to operate. It will be free to open up new markets on its own initiative. The only constraint will be that the company should not compete directly with Digital.

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BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	Gross CAR	Gross	Net	Net CAR	Interest Paid	Minimum Balance £	Access and other details
Alliance & Leicester	Special Edition	7.20	7.20	5.40	5.40	Yrly	Tiered	7.00/6.75/6.55/4.65. One w/dwl of 10% of bal without pen. Rate variable
	Bonus 90	6.80	6.80	5.10	5.10	Yrly	Tiered	6.50/6.20/5.90/4.50
	Tessa	6.40	6.40	-	-	Yrly	10	28 days notice/month inc. ac
	Midas	5.65	5.65	4.24	4.24	Yrly	Tiered	5.00 £10K/5.40 £25K/5.65 £50K instant access
	Instant Access	4.50	4.50	3.37	3.37	Yrly	Tiered	4.15/3.95/3.80/3.75/0.25
Barnsley	Sterling Bonus	7.00	7.00	5.25	5.25	Yrly	100,000	120 day notice or 30 day penalty.
Birmingham Midshires	Quantum High Int	6.35	6.25	4.69	4.74	½Yrly	50,000	Instant access above £10K
(0645) 720721	First Class Int	6.75	6.75	5.06	5.06	Yrly	100,000	Instant access no penalty
Bradford & Bingley	Special Asset	5.15	5.15	3.86	3.86	Yrly	5,000	90 days notice
(0800) 592580	Special Asset	6.15	6.15	4.61	4.61	Yrly	10,000	Tiered interest rates
	Special Asset	6.40	6.40	4.80	4.80	Yrly	20,000	Monthly income available
	Special Asset	6.55	6.55	4.91	4.91	Yrly	40,000	
	Special Asset	6.85	6.85	5.14	5.14	Yrly	80,000	
Catholic (071-222 6736/7)	Jubilee Bond	6.55		4.91		Mthly	30,000	90 Day £2K+ 6.30%/4.72% net.
Century (Edinburgh) (031 556 1711)	"A" Shares	7.50	7.50	5.625	5.625	Annually	100	Guaranteed
	Ordinary	5.06	-	-	3.785	½ Yrly	1	Instant Access. No Penalties
Cheltenham & Gloucester	The London Account	5.75	5.75	4.31	4.31	Yrly	2,500	Instant access postal deposit account
(0800 717505)	Best 90 (Closed issue)	7.25	7.25	5.44	5.44	Yrly	100,000	Closed issue. £25k + 7.00%, £10k +6.40%
City & Metropolitan	Super 60	-	6.40	4.80	-	Yrly	10,000	Withdrawals at only 60 days notice. 5.80% from £500.
Halifax*	Premium Xtra	-	7.35	5.51	-	Yrly	100,000	Gross rates include 0.25% annual gross bonus payable
	Premium Xtra	-	7.10	5.33	-	Yrly	50,000	where no withdrawals occur. One withdrawal up to
	Premium Xtra	-	6.85	5.14	-	Yrly	25,000	£5,000 per mth where £10,000 remains. Different interest
	Premium Xtra	-	6.50	4.88	-	Yrly	10,000	rates apply to non-personal accounts (eg co., club or charity a/cs)
	Tessa	7.00	7.00	-	-	Yrly	50	5yr term incl 2 bonuses
Leeds & Holbeck (0532 459511)	Capital Bond	7.10	7.10	5.33	5.33	30 April	150,000	90 days notice/penalty. Monthly income option also available
	Tessa	6.50	6.50	-	-	1 Jan	1	No transfer restrictions or charge. Loyalty bonus ½% extra year 5
	Gold Access	5.15	5.15	3.86	3.86	1 Jan	50,000	No notice no penalty
Leeds Permanent (0532 438181)	Bonus Gold	7.00	7.00	5.25	5.25	Annual	100,000	Includes an interest bonus of 0.50% G p.a. provided no withdrawals
	Bonus Gold	6.81	6.81	5.11	5.11	Mthly	100,000	made during previous 12 month period. Tiered rates from £10,000.
	Liquid Gold	5.10	5.10	3.83	3.83	Annual	25,000	Instant access no penalty. Tiered interest rates from £25
	Solid Gold	6.00	6.00	4.50	4.50	Annual	50,000	Instant access, no penalty on min of £10,000. Otherwise 90 days
	Solid Gold	5.84	5.84	4.38	4.38	Monthly	50,000	notice or 90 days loss of interest. Tiered interest rates from £500.
Marsden (0282 692821)	Rainbow 60	6.85	6.85	5.14	5.14	Annually	100,000	60 days notice
	Tessa	6.75	6.75	-	-	Annually	10	30 days notice
Newcastle (091 232 6676)	Nova Plus Special	-	5.35	4.01	-	Annually	200,000	Instant access
	Nova Star (Issue VII)	-	6.75	5.06	-	Annually	5,000	No withdls during 12mth term thereafter withdrawals subject to 90 days notice (or instant access with 90 days loss of interest).
	Portland Bond	-	8.9	6.68	-	Annually	2,000	Instant access with 90 days loss of interest
Northern Rock (091 285 7191)	Postal 60	7.25	7.25	5.44	5.44	Annual	100,000+	Postal account.
		7.15	7.15	5.36	5.36	Annual	50,000+	Monthly option.
		6.95	6.95	5.21	5.21	Annual	25,000+	available
		6.75	6.75	5.06	5.06	Annual	10,000+	Tel: 0500 505000
		6.35	6.35	4.76	4.76	Annual	2,500+	for details
Portman Channel Islands (0481) 822747/8	Gold Plus A/C	6.65	6.65	-	-	Yrly	20,000	Max holding £1,000,000. 90 days notice or penalty. Monthly option.
	Instant Gold Account	6.20	6.20	-	-	Yrly	20,000	Max holding £1,000,000. Instant access. Monthly option.
	Gold Bond	8.25	8.25	-	-	Yrly	10,000	Max £500,000. Monthly option.
Principality (0222 344188)	Super Six Account	7.30	7.30	-	-	Yrly	Tiered	Includes 0.25% bonus for no withdrawals
Scarborough (0800 590578)	Keepsafe By Post	6.50	6.50	4.88	4.88	Annually	15	Regular Saving, Monthly Investment £15-150, Instant Access
Skipton (0756 700511)	Sovereign Shares	5.25	5.25	3.75	3.75	Yrly	£50,000	Instant Access
	High Street	6.10	6.10	4.58	4.58	Yrly	2,000	Instant access, operated through branches from 25.07.94.
	Young Sovereign	8.50	8.50	6.38	6.38	Yrly	25	Under 18s Rate includes 2% Bonus p.a. for no withdrawals.
Woolwich (0800 400 900)	Current Account	5.10	5.10	3.83	3.83	Yrly	50,000	Instant Access. Rates
		5.00	5.00	3.75	3.75	Yrly	25,000	Variables.
		4.50	4.50	3.38	3.38	Yrly	10,000	Authorised overdraft rate
		3.50	3.50	2.65	2.65	Yrly	500	at 9.5% APR. Subject to
		1.15	1.15	0.86	0.86	Yrly	1	status and min. age 18.
Yorkshire (0800 378836)	Tessa Premier	6.60	6.60	-	-	Yrly	100	90 days notice of transfer
	1st Class Access	6.50	6.50	4.88	4.88	Yrly	100,000	£2000 minimum to open a/c
	1st Class Access	6.25	6.25	4.69	4.69	Yrly	50,000	Instant postal access plus
	1st Class Access	5.95	5.95	4.46	4.46	Yrly	25,000	Link card for 24hr access via
	1st Class Access	5.80	5.80	4.35	4.35	Yrly	10,000	A.T.M.
	1st Class Access	5.55	5.55	4.16	4.16	Yrly	2,000	
	1st Class Access	1.45	1.45	1.09	1.09	Yrly	25	

* For telephone see local directory. Paid of basic rate tax. CAR = Annual yield after interest compounded. 22/10/94

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COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper reaches 4-year high

London Metal Exchange prices burst upwards this week taking copper to its highest level for nearly four years. Aluminium and nickel prices also rose sharply, respectively to four-year and two-year peaks.

The upward surge was helped by a weakening US dollar, which made base metals prices look cheaper in other currencies, but was particularly influenced by investment fund and speculator buying.

This explains in part why metals prices are moving up strongly even though LME stocks – except copper – are still substantial. The funds are anticipating strong global economic activity that will translate into high metals demand.

Since the depressed conditions of last autumn, LME three-month copper prices have risen by 60 per cent, aluminium by 70 per cent and nickel by 75 per cent. Some selling and book-squaring ahead of the weekend left prices last night lower than at Thursday's close. Nevertheless, Copper closed 3 per cent higher than on Friday last week at US$2,556.50 a tonne, aluminium was 2.7 per cent up at $1,753.25 a tonne and nickel had advanced by 4.7 per cent to $6,987.50.

Some analysts suggested there were solid reasons for the surge. Mr Wiktor Bielski, analyst at Bain & Co, a Deutsche Bank subsidiary, said that first-half demand for aluminium, copper and nickel, had risen by 7 per cent compared with the same months of 1993, while lead and zinc demand was up by 4 per cent, "twice as strong as even ardent bulls had predicted".

Meanwhile, added Mr Bielski, supplies had fallen along with exports from the former eastern bloc – apart from those of aluminium. Also, some LME stock was not immediately available because it was tied up by financing deals.

"Sensationally strong" fundamentals would ensure that, even if prices fell because of profit-taking, they would recover quickly, he insisted.

However, Mr Nick Moore at Ord Minnett, an associate of Jardine Fleming, warned there was a great deal of moth-balled capacity that producers could quickly re-activate. "The market is behaving as if stocks are at critically low levels and they clearly are not."

He pointed out that only copper, where stocks represent 5.6 weeks of consumption, is nearing levels where the stocks-to-consumption ratio is critical. Lead stocks amounted to more than nine weeks consumption, aluminium eight weeks, while zinc and nickel have stocks for 17 and 19 weeks respectively.

Given the size of the stocks, nickel's price rise this week surprised some observers. However, Mr Heinz Pariser of Heinz H Pariser Alloy Metals & Steel Market Research, said that nickel demand was likely to grow by 7.7 per cent to a record 740,000 tonnes this year, leaving the market with a 33,000-tonnes supply shortage.

Meanwhile, coffee prices went on a rollercoaster ride this week as traders reacted to rain on Brazil's drought-stricken coffee trees and to reports detailing the extent of damage to the 1995-1996 crop.

Reports from Brazil show that trees previously undamaged by the two frosts earlier this year are now being affected by drought. After the frosts, the Brazilian government estimated that the 1995-1996 crop would fall to 15.7m bags, but current estimates are looking gloomier.

The January futures contract at the London Commodity Exchange ended the week just over $150 a tonne higher at $3,660 a tonne.

Kenneth Gooding and Deborah Hargreaves

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-45,675	to 2,121,025
Aluminium alloy	+140	to 25,660
Copper	-400	to 338,400
Lead	+1,650	to 370,125
Nickel	+780	to 147,966
Zinc	-775	to 1,238,575
Tin	-235	to 31,220

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$390.70	+3.10	$368.00	$396.50	$369.50
Silver per troy oz	328.50p	-8.4	299.45p	384.50p	328.50p
Aluminium 99.7% (cash)	$1734.5	+43	$1094.5	$1754.5	$1107.50
Copper Grade A (cash)	$2552.5	-69.0	$1615.5	$2586.00	$1731.50
Lead (cash)	$651	+9.0	$401.5	$643.5	$426.0
Nickel (cash)	$6877.5	+302.5	$4583.5	$6920.0	$5210.0
Zinc SHG (cash)	$1067.5	+23.0	$933.0	$1071.5	$900.5
Tin (cash)	$5520.0	+117.5	$4860.0	$5650.0	$4730.0
Cocoa Futures Mar	£981	+14	£966	£1124	£859
Coffee Futures Jan	$3663	+155	$1205	$4091	$1175
Sugar (LDP Raw)	$317.3	+12.1	$261.8	$317.5	$252.9
Barley Futures Jan	£104.25	-0.60	£103.00	£105.50	£92.65
Wheat Futures Jan	£107.25	+0.65	£100.75	£117.50	£97.80
Cotton Outlook A Index	73.80c	+0.20	54.40c	87.10c	62.45c
Wool (64s Super)	440p	+4	334p	485p	342p
Oil (Brent Blend)	$16.25z	+0.47	$16.90	$18.61	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. z Dec

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1734-35	1753-53.5
Previous	1754-55	1774-75
High/low	1749	1772/1747
AM Official	1748.5-49.0	1768-69
Kerb close		1749-50
Open int.	259,078	
Total daily turnover	63,674	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1710-20	1745-50
Previous	1730-35	1760-65
High/low		1750/1745
AM Official	1725-35	1755-65
Kerb close		1745-50
Open int.	2,854	
Total daily turnover	231	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	650.5-51.5	662-63
Previous	653-54	665-65.5
High/low	653	665/660
AM Official	653-53.5	664.5-65.0
Kerb close		663.5-64.0
Open int.	42,875	
Total daily turnover	9,940	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6875-80	6985-90
Previous	6915-25	7020-25
High/low		7025/6920
AM Official	6890-900	7005-10
Kerb close		7000-5
Open int.	66,656	
Total daily turnover	13,124	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5515-25	5605-10
Previous	5560-70	5640-50
High/low		5640/5570
AM Official	5560-65	5640-43
Kerb close		5580-5
Open int.	16,774	
Total daily turnover	4,871	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1067-68	1088-89
Previous	1071-72	1090.5-91.5
High/low		1094/1086
AM Official	1070.5-71.0	1091-92
Kerb close		1087-88
Open int.	102,060	
Total daily turnover	14,293	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2552-53	2556-57
Previous	2585.5-86.5	2584-84.5
High/low	2576	2573/2538
AM Official	2576-77	2570-71
Kerb close		2543-44
Open int.	214,445	
Total daily turnover	103,230	

■ LME AM Official £/$ rate: 1.6290
LME Closing £/$ rate: 1.6265

Spot:1.6265 3 mths:1.6251 6 mths:1.6229 9 mths:1.6195

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Oct	118.45	+0.45	119.00	116.60	1,323	458
Nov	117.25	-0.50	118.00	116.70	1,508	107
Dec	116.65	-0.65	118.30	116.20	42,397	4,261
Jan	116.40	-0.65	116.35	116.25	878	17
Feb	115.90	-0.65	-	-	570	67
Mar	115.30	-0.70	116.70	114.60	8,935	1,665
Total					82,882	6,925

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	390.50-390.90	
Opening	391.60-392.00	
Morning fix	391.65	240.026
Afternoon fix	390.95	239.773
Day's High	392.00-392.30	
Day's Low	390.40-390.80	
Previous close	390.80-391.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.55	6 months	5.03
2 months	4.65	12 months	5.40
3 months	4.85		

Silver Fix	p/troy oz.	US cts equiv.
Spot	331.00	540.00
3 months	335.75	547.30
6 months	340.95	554.90
1 year	353.40	572.85

Gold Coins	$ price	£ equiv.
Krugerrand	393-396	243-247
Maple Leaf	401.55-404.10	
New Sovereign	91-94	56-59

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Oct	390.8	-0.5	391.8	391.1	42	11
Nov	391.4	-0.6	-	-	-	-
Dec	392.8	-0.5	393.8	392.2	83,877	23,078
Feb	395.3	-0.4	397.1	395.8	19,272	475
Apr	398.9	-0.4	400.5	398.8	7,493	34
Jun	403.5	-0.4	403.4	403.3	10,132	338
Total					157,072	32,483

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Oct	424.9	-2.7	426.5	424.0	105	-
Jan	426.4	-3.2	430.5	425.5	20,884	7,328
Apr	430.7	-3.2	435.0	430.5	3,544	222
Jul	434.9	-3.2	-	-	946	153
Oct	438.9	-3.2	-	-	358	48
Jan	441.9	-3.2	-	-	2	-
Total					25,838	7,751

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Dec	157.15	-0.50	158.00	157.00	4,830	410
Mar	158.30	-0.50	159.00	158.30	1,605	95
Jun	159.40	-0.50	-	-	262	80
Total					6,497	585

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open Int	Vol.
Oct	529.5	-10.8	-	-	100	-
Nov	530.5	-11.0	-	-	-	-
Dec	532.5	-11.0	543.0	532.0	77,612	22,080
Jan	535.1	-11.0	540.0	535.0	72	1
Mar	541.0	-11.0	552.5	540.5	15,246	1,881
May	547.0	-11.0	558.0	547.0	4,677	174
Total					111,445	24,328

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	17.43	-0.19	17.78	17.43	110,420	72,255
Jan	17.51	-0.13	17.77	17.50	60,899	22,609
Feb	17.56	-0.04	17.73	17.50	29,761	8,773
Mar	17.52	-0.06	17.68	17.49	23,422	2,778
Apr	17.50	-0.06	17.57	17.50	18,025	2,796
May	17.50	-0.06	17.59	17.48	11,966	790
Total					404,866	148,744

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Dec	16.35	-0.07	16.63	16.27	84,180	21,968
Jan	16.28	-0.07	16.54	16.23	31,075	6,932
Feb	16.25	-0.02	16.45	16.19	12,503	2,185
Mar	16.31	+0.11	16.38	16.31	8,717	724
Apr	16.19	+0.05	16.19	16.19	5,616	187
May	16.11	-	-	-	2,373	-
Total					253,272	32,387

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	49.80	-0.24	51.30	49.75	19,560	17,402
Dec	50.10	-0.33	51.50	50.00	45,211	32,773
Jan	50.60	-0.38	51.70	50.70	32,930	8,495
Feb	51.05	-0.28	51.80	50.80	18,484	4,344
Mar	50.90	-0.08	51.30	51.00	11,586	1,256
Apr	50.43	+0.25	-	-	7,383	982
Total					165,725	67,880

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Nov	151.00	-1.50	155.25	151.00	31,038	8,031
Dec	152.50	-1.75	156.75	152.50	23,978	8,410
Jan	154.50	-1.00	158.00	154.25	18,926	4,448
Feb	155.25	-1.00	158.25	155.00	7,856	1,111
Mar	155.25	-0.75	158.50	155.25	6,819	702
Apr	153.50	-0.50	156.75	153.50	2,269	35
Total					98,629	23,296

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	1.568	+0.011	1.585	1.550	19,016	23,672
Dec	1.820	+0.022	1.835	1.792	31,660	8,359
Jan	1.975	+0.017	1.990	1.950	18,947	3,625
Feb	1.950	+0.012	1.960	1.935	13,399	2,170
Mar	1.920	+0.014	1.925	1.903	12,122	1,185
Apr	1.880	+0.006	1.885	1.870	6,507	2,045
Total					183,284	60,398

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Nov	50.40	+0.45	52.00	49.90	14,775	19,558
Dec	58.20	-1.00	60.70	57.80	23,948	28,522
Jan	55.70	-0.50	57.25	55.40	14,609	11,887
Feb	55.00	+0.15	55.65	54.90	6,287	2,916
Mar	55.30	+0.25	55.50	54.80	3,200	728
Apr	59.10	+0.57	59.35	58.00	4,650	148
Total					72,954	53,728

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	105.35	+0.35	105.35	105.00	1,434	113
Jan	107.25	+0.20	107.50	107.00	1,975	77
Mar	109.35	+0.25	109.50	109.35	1,544	16
May	111.35	+0.25	111.50	111.05	1,537	65
Jul	112.65	-	-	-	200	-
Sep	96.00	-	-	-	40	-
Total					6,939	319

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	397/2	-2/2	399/6	396/0	39,150	11,386
Mar	409/0	-1/6	410/4	407/0	22,974	531
May	384/0	-2/4	386/4	383/0	4,045	564
Jul	352/2	-0/4	354/0	351/2	8,396	1,101
Sep	356/0	-0/2	356/0	355/4	233	16
Dec	364/0	-1/4	365/4	364/0	133	8
Total					75,937	17,176

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	214/6	-2/6	217/6	214/4	120,687	27,196
Mar	226/0	-2/2	228/4	225/4	58,543	7,208
May	234/4	-2/0	237/0	234/2	24,803	2,230
Jul	240/2	-2/0	242/4	240/0	28,424	5,611
Sep	245/4	-1/4	247/0	245/2	2,380	412
Dec	251/0	-0/4	252/0	250/4	11,936	1,897
Total					246,614	44,458

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	101.55	-0.10	101.55	101.50	374	17
Jan	104.25	-0.10	104.25	104.15	423	45
Mar	106.25	-0.20	106.25	106.15	130	30
May	108.35	-0.05	108.50	108.35	48	10
Sep	93.75	+0.50	-	-	2	-
Total					976	102

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	549/4	-1/0	550/0	546/0	57,781	34,663
Jan	560/0	-1/0	561/4	558/0	37,604	9,629
Mar	570/2	-0/6	571/2	567/4	20,588	3,296
May	577/6	-0/6	578/0	575/4	10,001	1,099
Jul	584/6	-0/4	586/2	582/0	16,682	1,745
Aug	586/0	-0/2	588/0	585/4	1,034	72
Total					152,146	53,206

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	25.98	+0.23	25.98	25.63	33	1,787
Jan	25.13	+0.14	25.15	24.89	33,135	15,295
Mar	24.57	+0.07	24.67	24.42	12,957	3,943
May	24.22	+0.05	24.40	24.09	12,948	3,880
Jul	23.98	+0.02	24.10	23.89	11,041	1,830
Aug	23.92	+0.04	24.05	23.85	7,420	1,468
Total					83,346	29,006

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	163.7	-0.9	164.8	163.6	2	551
Jan	165.0	-0.7	165.9	164.9	43,706	14,149
Mar	168.1	-0.8	168.9	168.0	16,757	2,293
May	171.4	-0.3	171.8	171.0	14,074	1,887
Jul	175.2	-0.5	175.5	174.8	7,892	1,177
Aug	176.6	-0.3	177.0	176.6	7,651	1,020
Total					95,121	21,613

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	150.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Apr	217.9	+2.1	218.0	217.9	1,365	32
May	240.0	-	-	-	-	-
Jun	107.5	-	-	-	-	-
Total					1,365	32

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	1855	-5	-	-	485	-
Nov	1808	+38	1815	1808	269	17
Dec	1745	+40	1765	1725	223	92
Jan	1702	+22	1725	1700	1,055	68
Apr	1662	+27	1665	1630	881	74
Jul	1450	+15	1475	1450	157	5
Total					3,085	268

	Close	Prev
BFI	1856	1847

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	947	-5	959	946	21,316	1,385
Mar	981	-3	989	978	42,212	1,655
May	991	-3	999	988	14,486	190
Jul	1002	-4	1013	1002	6,236	41
Sep	1015	-6	1025	1018	12,339	123
Dec	1031	-7	1045	1030	8,442	104
Total					110,318	3,593

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	1318	-22	1352	1318	29,750	10,908
Mar	1368	-19	1395	1362	21,999	2,623
May	1394	-19	1422	1393	8,105	185
Jul	1420	-20	1440	1420	3,031	8
Sep	1447	-20	-	-	1,348	25
Dec	1480	-22	1500	1478	4,954	33
Total					73,210	14,071

■ COCOA (ICCO) (SDR's/tonne)

Oct 20	Price	Prev. day
Daily	989.93	974.45

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	3673	-82	3755	3655	7,090	951
Jan	3663	-85	3735	3635	11,414	1,404
Mar	3603	-85	3660	3575	8,134	532
May	3586	-77	3616	3585	2,954	105
Jul	3570	-53	-	-	1,330	-
Sep	3560	-60	-	-	1,403	-
Total					32,327	2,987

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	195.55	-7.10	200.00	193.80	13,380	3,214
Mar	200.45	-6.90	204.75	198.00	11,906	1,056
May	203.65	-6.00	207.00	203.65	4,685	245
Jul	204.00	-6.00	207.25	205.00	1,549	43
Sep	203.75	-6.00	208.00	203.75	862	5
Dec	206.00	-6.00	209.25	207.00	848	-
Total					33,355	4,563

■ COFFEE (ICO) (US cents/pound)

Oct 20	Price	Prev. day
Comp. daily	191.49	191.28
15 day average	188.16	188.75

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Jan	13.00	-	-	-	-	-
Mar	12.92	-0.03	-	-	90	-
May	12.97	-0.03	12.98	12.97	-	290
Jul	12.91	-0.04	-	-	450	-
Total					540	290

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	347.30	+0.40	347.50	346.30	3,125	637
Mar	339.90	-0.50	340.70	339.00	8,824	564
May	338.70	-0.40	339.00	337.90	1,883	345
Aug	335.80	-0.20	336.00	335.00	2,403	229
Oct	314.50	-0.10	-	-	726	-
Dec	313.40	-0.20	-	-	4	-
Total					16,788	1,775

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Mar	12.70	-0.06	12.84	12.67	85,794	6,711
May	12.71	-0.06	12.81	12.69	22,093	1,788
Jul	12.60	-0.05	12.67	12.58	14,364	2,276
Oct	12.22	-0.02	12.26	12.20	12,511	1,713
Mar	11.84	-0.02	11.92	11.84	1,798	202
May	11.84	-0.02	-	-	43	34
Total					148,578	12,704

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Dec	69.10	+0.04	69.60	68.84	23,590	4,109
Mar	70.63	+0.15	71.05	70.35	12,730	807
May	71.60	+0.05	72.05	71.50	6,864	130
Jul	72.50	+0.12	72.70	72.35	4,125	29
Oct	69.50	-0.20	69.65	69.65	523	1
Dec	68.85	-0.20	69.05	68.80	2,313	46
Total					50,188	5,122

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Nov	108.65	-1.55	108.75	106.00	5,017	1,243
Jan	112.25	-1.60	113.00	109.25	11,036	3,025
Mar	115.10	-1.40	115.20	112.50	5,590	903
May	118.00	-1.25	118.00	117.00	1,396	74
Jul	120.50	-1.45	120.00	119.00	836	74
Sep	123.50	-0.55	123.50	123.50	484	8
Total					25,686	5,360

Spices
The short period of reaction in the pepper market following the steep price rises in September apparently is already behind us, reports Man Producten. Black pepper prices recovered quickly in India, perhaps because of rather pessimistic forecasts about the new crop. Prices in the other main producing area rose in sympathy in spite of the relatively low demand during this past week. Black pepper f.a.q. spot Europe traded yesterday at US$2,625 a tonne and for prompt shipment from origin at $2,575 cif. White pepper prices in Indonesia went up further. Supplies are getting tighter but demand was rather limited this week. Muntok white f.a.q. spot ended at $3,450 a tonne.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Oct 21	Oct 20	month ago	year ago
2085.5	2083.3	2128.0	1593.3

■ CRB Futures (Base: 1967=100)

Oct 20	Oct 19	month ago	year ago
233.91	231.17	232.09	220.01

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	68.825	+0.550	68.850	68.300	899	911
Dec	70.175	+0.300	70.200	69.675	30,395	10,725
Feb	68.975	+0.250	69.050	68.650	17,805	3,014
Apr	68.975	+0.275	69.000	68.075	12,308	2,283
Jun	65.425	+0.100	65.450	65.250	3,484	320
Aug	64.450	+0.075	64.550	64.350	1,367	119
Total					66,486	17,592

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Oct	30.825	+0.125	31.400	30.500	375	313
Dec	33.025	-0.625	33.750	32.800	18,450	2,741
Feb	36.300	-0.350	36.650	36.150	7,158	845
Apr	38.325	-0.400	38.600	38.250	3,972	506
Jun	42.000	-0.400	42.350	41.825	1,742	188
Aug	41.425	-0.500	41.850	41.300	320	17
Total					32,828	4,676

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open Int	Vol
Feb	39.750	-1.000	40.600	39.075	8,613	2,128
Mar	39.925	-1.000	40.550	39.200	949	271
May	40.950	-0.500	41.600	40.350	290	34
Jul	41.500	-0.750	42.500	41.250	281	24
Aug	41.150	-0.450	41.150	41.150	84	4
Total					10,197	2,461

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1725	62	98	43	71
1750	49	85	55	83
1775	39	74	70	96
■ COPPER (Grade A) LME	Dec	Mar	Dec	Mar
2550	68	92	69	118
2600	47	73	98	148
2650	31	57	131	180
■ COFFEE LCE	Nov	Jan	Nov	Jan
3550	226	328	67	215
3600	183	303	94	240
3650	145	278	126	265
■ COCOA LCE	Dec	Mar	Dec	Mar
925	37	89	15	33
950	24	74	27	43
975	14	61	42	55
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1600	-	53	1	24
1650	1	38	4	56
1700	3	21	-	89

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Dec)

		+or-
Dubai	$14.99-5.09z	-0.190
Brent Blend (dated)	$16.30-6.32	-0.280
Brent Blend (Dec)	$16.24-6.25z	-0.240
W.T.I. (1pm est)	$17.36-7.38z	-0.265

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$180-183	+2
Gas Oil	$153-154	
Heavy Fuel Oil	$90-92	-1.5
Naphtha	$169-171	-3.5
Jet fuel	$175-178	-1.5
Diesel	$158-159	-1.5

Petroleum Argus. Tel. London (071) 359 8792

■ OTHER

Gold (per troy oz)♣	$390.70	-0.30
Silver (per troy oz)♣	535.00c	-5.50
Platinum (per troy oz.)	$425.50	+1.40
Palladium (per troy oz.)	$156.35	+0.10
Copper (US prod.)	123.0c	-1.0
Lead (US prod.)	39.15c	
Tin (Kuala Lumpur)	14.00c	+0.14
Tin (New York)	259.0c	-3.5
Cattle (live weight)†	119.63p	-0.35*
Sheep (live weight)†♠	91.50p	+0.40*
Pigs (live weight)	75.52p	-0.02*
Lon. day sugar (raw)	$317.3	-0.2
Lon. day sugar (wte)	$356.0	-0.5
Tate & Lyle export	£307.0	-1.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	$132.0y	
Wheat (US Dark North)	£185.0u	
Rubber (Nov)♥	89.00p	-0.75
Rubber (Dec)♥	88.50p	-0.75
Rubber (KL RSS No1 Jul)	347.5	-2.0
Coconut Oil (Phil)§	$635.0u	+10.0
Palm Oil (Malay.)§	$640.0t	+2.5
Copra (Phil)§	$400.0u	+4.0
Soyabeans (US)	£157.0v	+1.0
Cotton Outlook'A' Index	73.80c	+0.15
Wooltops (64s Super)	440p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Oct/Dec. v Nov/Dec. u Oct/Nov. z Dec. t Nov. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week. © Prices are for previous day.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.7900	-0.230	10.17	10.20	10.16
Belgium		7.250	04/04	92.4000	-0.530	8.43	8.31	8.59
Canada *		6.500	06/04	83.4000	-	9.13	8.99	8.95
Denmark		7.000	12/04	88.2000	-0.220	8.80	8.79	9.12
France	BTAN	8.000	05/98	101.2500	-0.880	7.55	7.48	7.48
	OAT	5.500	04/04	82.5000	-0.580	8.22	7.99	8.10
Germany Treu		7.500	09/04	99.9600	-0.600	7.50	7.42	7.59
Italy		8.500	08/04	81.0100	-0.190	11.82†	11.65	11.57
Japan	No 119	4.800	06/99	102.8820	+0.070	4.07	4.16	3.85
Japan	No 164	4.100	12/03	95.9430	-0.060	4.74	4.72	4.51
Netherlands		7.250	10/04	98.3200	-0.540	7.49	7.36	7.65
Spain		8.000	05/04	81.4500	-0.450	11.24	10.95	11.16
UK Gilts		6.000	08/99	90-07	-2/32	8.51	8.43	8.72
		6.750	11/04	87-15	-	8.63	8.55	8.88
		9.000	10/08	103-01	-1/32	8.62	8.54	8.85
US Treasury *		7.250	08/04	96-12	-2/32	7.78	7.61	7.56
		7.500	11/24	94-07	-12/32	8.01	7.84	7.80
ECU (French Govt)		6.000	04/04	83.5900	-0.440	8.59	8.46	8.71

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. *Source: MMS International*

US INTEREST RATES

Lunchtime

		Treasury Bills and Bond Yields			
Prime rate	7 3/4	One month	4.82	Two year	6.78
Broker loan rate	6 5/8	Two month	5.42	Three year	7.09
Fed.funds	4 11/16	Three month	5.14	Five year	7.48
Fed.funds at intervention	-	Six month	5.68	10-year	7.83
		One year	6.20	30-year	8.02

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	110.94	110.40	-0.68	110.96	110.06	214,107	132,647
Mar	110.16	109.84	-0.68	110.16	109.48	404	11,322
Jun	109.38	108.86	-0.68	109.38	108.70	105	661

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Nov	Calls Dec	Calls Mar	Puts Nov	Puts Dec	Puts Mar
110	0.66	1.37	1.84	0.26	0.96	2.18
111	0.19	0.82	-	0.71	1.48	2.70
112	0.03	0.48	1.00	1.63	2.06	3.32
113	0.01	0.22	0.72	-	2.84	4.01
114	-	0.09	0.46	-	-	-

Est. vol. total, Calls 47,116 Puts 66,246. Previous day's open int., Calls 282,837 Puts 335,851.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.17	89.82	-0.52	90.27	89.52	183298	178882
Mar	89.02	89.03	-0.52	89.02	88.85	264	4363

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Nov	Calls Dec	Calls Jan	Calls Mar	Puts Nov	Puts Dec	Puts Jan	Puts Mar
8950	0.44	1.11	0.95	1.30	0.12	0.79	1.42	1.77
9000	0.17	0.84	0.75	1.09	0.35	1.02	1.72	2.06
9050	0.04	0.62	0.57	0.89	0.72	1.30	2.04	2.36

Est. vol. total, Calls 22058 Puts 26085. Previous day's open int., Calls 304181 Puts 268181

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.10	99.15	-0.30	99.39	98.80	34436	58678
Mar	98.23	98.37	-0.30	98.23	98.23	68	4579

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
9900	1.48	2.41	1.33	3.04
9950	1.20	2.19	1.55	3.32
10000	0.95	1.99	1.80	3.62

Est. vol. total, Calls 1858 Puts 723. Previous day's open int., Calls 23589 Puts 27831

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	86.85	86.61	-0.34	86.85	86.20	60,271	73,326
Mar	-	85.88	-	-	-	-	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	101-02	101-05	-0-03	101-08	100-17	72287	97104
Mar		100-06	-0-05			0	46

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Dec	Calls Mar	Puts Dec	Puts Mar
101	1-22	2-07	1-12	2-59
102	0-55	1-42	1-45	3-30
103	0-33	1-18	2-23	4-06

Est. vol. total, Calls 7785 Puts 809. Previous day's open int., Calls 69811 Puts 42300

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	80.72	80.56	-0.42	80.78	80.16	2,048	6,711

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	97-21	97-15	-0-05	97-28	97-11	470,312	394,087
Mar	97-00	96-26	-0-05	97-07	96-23	3,946	28,036
Jun	96-07	96-07	-	96-07	96-07	371	11,192

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	107.71			107.75	107.60	1607	0
Mar	106.99			106.99	106.98	47	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

UK Gilts Price Indices	Fri Oct 21	Day's change %	Thur Oct 20	Accrued interest	xd adj yield
1 Up to 5 years (24)	119.00	-0.07	119.09	1.11	9.83
2 5-15 years (22)	138.71	-0.09	138.84	1.48	11.00
3 Over 15 years (8)	155.28	-0.09	155.42	2.10	10.57
4 Irredeemables (6)	179.20	-0.04	179.27	4.35	8.83
5 All stocks (60)	136.02	-0.08	136.13	1.47	10.62

Index-linked	Fri Oct 21	Day's change %	Thur Oct 20	Accrued interest	xd adj yield
6 Up to 5 years (2)	185.98	+0.02	185.94	0.28	5.07
7 Over 5 years (11)	173.30	+0.11	173.11	0.72	4.36
8 All stocks (13)	173.74	+0.10	173.56	0.68	4.41
9 Debs and loans (77)	127.67	-0.11	127.82	2.39	8.95

Yields	Low coupon yield Oct 21	Oct 20	Yr ago	High	Low	Medium coupon yield Oct 21	Oct 20	Yr ago	High	Low	High coupon yield Oct 21	Oct 20	Yr ago	High	Low
5 yrs	8.58	8.53	5.95	8.95 (20/9)	5.57 (19/1)	8.63	8.60	6.19	9.01 (20/9)	5.82 (19/1)	8.78	8.74	6.35	9.16 (20/9)	5.91 (19/1)
15 yrs	8.54	8.51	6.89	8.89 (20/9)	6.30 (20/1)	8.66	8.64	7.05	9.05 (20/9)	6.39 (20/1)	8.89	8.87	7.26	9.25 (20/9)	6.63 (20/1)
20 yrs	8.50	8.47	7.03	8.81 (20/9)	6.41 (20/1)	8.66	8.64	7.13	9.05 (20/9)	6.42 (20/1)	8.79	8.76	7.28	9.09 (20/9)	6.65 (20/1)
Irred.†	8.56	8.55	7.18	8.88 (20/9)	6.52 (24/1)										
Index-linked	Inflation rate 5%					Inflation rate 10%									
Up to 5 yrs	3.87	3.84	2.11	4.11 (5/10)	2.13 (4/1)	2.67	2.64	1.26	3.00 (5/10)	1.19 (16/2)					
over 5 yrs	3.85	3.85	3.09	3.99 (21/6)	2.88 (20/1)	3.85	3.65	2.91	3.79 (21/6)	2.70 (20/1)					
Debs & loans	5 years					15 years					25 years				
	9.67	9.65	7.65	10.07 (20/9)	7.19 (10/1)	9.62	9.60	8.01	9.98 (20/9)	7.39 (20/1)	9.58	9.56	8.14	9.90 (20/9)	7.49 (10/1)

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7 3/4%; Medium: 8%-10 3/4%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Yr ago	High*	Low*
Govt. Secs. (UK)	91.29	91.30	91.60	91.78	92.28	103.60	107.04	89.54
Fixed Interest	108.06	108.31	108.56	109.08	108.69	124.96	133.87	106.50

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Oct 20	Oct 19	Oct 18	Oct 17	Oct 14
Gilt Edged bargains	88.8	89.4	89.6	91.4	97.9
5-day average	91.0	94.4	97.6	99.3	99.2

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Shorts" (Lives up to Five Years)							
Treas 9pc 1994‡‡		8.97	-	100 7/32xd	—	103 13/32	100 7/16
12pc 1995		11.82	5.67	101 1/2	-1/16	107 3/16	101 1/2
Exch 3pc Gas 1990-95		3.04	5.64	98 11/32xd	—	98 11/16	97 3/4
10 1/4pc 1995		9.98	6.52	102 11/16	-1/16	107 13/16	102 7/8
Treas 12 3/4pc 1995‡‡		12.03	6.89	105 31/32xd	-1/32	113 5/8	105 13/16
14pc 1996		12.95	7.10	108	-1/8	117 3/16	107 13/16
15 1/4pc 1996‡‡		13.71	7.34	111 1/4xd	-1/8	121 13/16	111 1/16
Exch 13 1/4pc 1996‡‡		12.21	7.42	108 1/2xd	-1/8	117 13/16	108 1/16
Conversion 10pc 1996		9.80	7.78	104 1/8xd	-1/8	112 7/16	103 7/8
Treas Cnv 7pc 1997‡‡		7.16	7.85	97 13/16	-1/8	100 5/8	96 5/8
Treas 13 1/4pc 1997‡‡		11.98	7.94	110 5/8	-1/8	121 13/16	110 5/16
Exch 10 1/2pc 1997		9.99	7.98	105 1/8	-1/8	114 7/16	104 1/2
Treas 8 3/4pc 1997‡‡		8.63	8.17	101 3/8	-1/8	110 7/16	100 3/16
Exch 15pc 1997		12.78	8.30	117 13/32xd	-1/8	131 13/16	116 13/16
9 3/4pc 1998		9.41	8.41	103 5/8	-1/8	114 13/16	102 13/16
Treas 7 1/4pc 1998‡‡		7.50	8.38	96 5/8	-1/8	106 1/16	95 5/8
Treas 6 3/4pc 1995-98‡‡		7.11	8.39	95xd	-1/4	102	93 13/16
14pc 1998-1		12.03	8.58	116 3/8xd	-1/8	131 7/16	115 13/16
Treas 15 1/2pc '98‡‡		12.60	8.46	123 1/16	-1/4	140 3/16	122 3/16
Exch 12pc 1998		10.76	8.55	111 9/16xd	-1/4	125 13/16	110 7/16
Treas 9 1/2pc 1999‡‡		9.21	8.54	103 3/16	-1/8	116 3/16	101 13/16
Five to Fifteen Years							
Exch 12 1/4pc 1999		10.84	8.63	113 1/16	-1/8	128 1/16	111 13/16
Treas 10 1/2pc 1999		9.81	8.67	107xd	-1/8	121 3/16	105 7/16
Treas 6pc 1999‡‡		6.65	8.52	90 1/4	-1/8	101 13/16	88 13/16
Conversion 10 1/4pc 1999		9.63	8.68	106 13/32xd	-1/8	121 13/16	104 13/16
Treas Flg Rate 1999		-	-	99 13/16	—	100 3/16	99 13/16
Conv 9pc 2000‡‡		8.86	8.59	101 5/8	-1/8	116 3/16	99 7/8
Treas 13pc 2000		10.98	8.77	118 5/8	-1/8	136 13/16	116 13/16
10pc 2001		9.45	8.77	105 13/16	-1/8	122 1/4	103 1/2
7pc 2001‡‡		7.67	8.68	91 3/8xd	-1/4	106 3/16	88 13/16
9 3/4pc 2002		9.27	8.80	105 3/16	+1/16	123 3/16	102 13/16
8pc 2003‡‡		8.38	8.73	95 13/16	-1/8	113 13/16	92 7/8
10pc 2003		9.33	8.79	107 3/16	-1/8	127 1/4	104 1/2
Treas 11 1/2pc 2001-4		10.25	8.95	112 3/16	-1/8	129 13/16	109 13/16
Funding 3 1/2pc 1999-4		4.81	7.48	72 13/16	-1/8	86 1/16	68 3/4
Conversion 9 1/2pc 2004		9.05	8.73	104 13/16xd	-1/4	125 3/16	101 13/16
Treas 6 3/4pc 2004‡‡		7.73	8.63	87 3/8xd	-1/8	105 1/4	84 13/16
8 1/2pc 2005		8.59	8.61	99	-1/8	100 3/16	97
Conv 9 1/2pc 2005		9.02	8.70	105 3/16	-1/8	125 1/2	102 1/4
Treas 12 1/2pc 2003-5		10.31	9.02	121 7/16xd	-1/8	143 7/16	118 1/4
7 3/4pc 2006‡‡		8.28	8.62	93 13/16	-1/8	112 13/16	90 3/4
8pc 2002-6‡‡		8.43	8.68	94 13/16	-1/8	111 5/8	91 13/16
Treas 11 3/4pc 2003-7		10.18	9.02	115 13/16	-1/8	136 1/2	112 3/4
Treas 8 1/2pc 2007‡‡		8.60	8.63	98 13/16	-1/8	119 3/16	95 13/16
13 1/2pc 2004-8		10.66	9.01	127 13/16	-1/8	151 7/16	124 13/16
Treas 9pc 2008‡‡		8.74	8.61	102 13/16	-1/8	124 13/16	99 13/16
Over Fifteen Years							
Treas 8pc 2009		8.43	8.61	94 13/16	-1/8	115 3/16	91 13/16
Treas 6 1/4pc 2010		7.76	8.47	80 3/8xd	-1/8	98 3/16	77 13/16
Conv 9pc Ln 2011‡‡		8.70	8.58	103 1/2	-1/8	126 13/16	100 13/16
Treas 9pc 2012‡‡		8.67	8.58	103 13/16	-1/8	127 5/8	100 5/8
Treas 5 1/2pc 2008-12‡‡		7.44	8.31	73 13/16	-1/8	93 7/8	71 1/4
Treas 8pc 2013‡‡		8.41	8.51	95 3/16	-1/8	117 13/16	92
7 3/4pc 2012-15‡‡		8.41	8.49	92 3/16	-1/8	114 1/4	89 3/16
Treas 8 3/4pc 2017‡‡		8.54	8.48	102 13/16	-1/8	126 1/4	99 3/16
Exch 12pc 2013-17		9.22	8.71	130 3/16	-1/8	159 1/2	126 7/16
Undated							
Consols 4pc		8.71	-	45 13/16	-1/8	59 1/4	44 13/16
War Loan 3 1/2pc‡‡		8.52	-	41 3/16	-1/8	54 13/16	39 13/16
Conv 3 1/2pc '61 Aft.		8.02	-	58 3/16	—	71	55 3/4
Treas 3pc '66 Aft.		8.60	-	34 7/8	—	44 5/8	33 13/16
Consols 2 1/2pc		8.44	-	29 5/8	+1/8	38 1/2	28 1/16
Treas. 2 1/2pc		8.64	-	28 13/16	-1/16	37 5/8	27 13/16

Index-Linked (b)	Notes	Yield (1)	Yield (2)	Price £	+ or -	1994 High	1994 Low
2pc '96	(67.9)	2.82	4.04	200	—	203 3/8	197 13/16
4 5/8pc '98‡‡	(135.6)	2.68	3.53	107 5/8xd	—	113 3/32	106 3/16
2 1/2pc '01	(78.3)	3.35	3.79	166	+1/16	176 7/8	163 1/2
2 1/2pc '03	(78.8)	3.46	3.81	162xd	+1/16	173 5/8	159 7/16
4 3/8pc '04‡‡	(135.6)	3.48	3.81	108 1/4	+1/16	118 1/4	107 1/4
2pc '06	(69.5)	3.55	3.81	168 3/16	+1/8	184 13/16	165 9/16
2 1/2pc '09	(78.8)	3.60	3.83	152 5/8xd	+1/8	168 7/16	149 3/8
2 1/2pc '11	(74.6)	3.63	3.84	157 1/4	+1/8	175 3/4	154 1/8
2 1/2pc '13	(89.2)	3.65	3.84	129 13/16	+1/8	146 1/8	126 3/8
2 1/2pc '16	(81.6)	3.69	3.86	138 1/16	+1/8	157 3/16	134 3/4
2 1/2pc '20	(83.0)	3.72	3.87	132 1/4	+1/8	152 13/16	128 1/2
2 1/2pc '24‡‡	(97.7)	3.71	3.85	110 1/16	+1/8	129 1/16	108 3/8
4 1/8pc '30‡‡	(135.1)	3.74	3.89	109 1/16	+1/8	128 13/16	105 7/8

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for February 1994: 142.1 and for September 1994: 145.0.

Other Fixed Interest

	Notes	Yield Int	Yield Red	Price £	+ or -	1994 High	1994 Low
Asian Dev 10 1/4pc 2009		9.24	8.89	110 7/8	—	138 3/8	107 3/16
B'ham 11 1/2pc 2012		9.70	9.35	118 1/2	—	142	115
Ireland Cap 8 1/2pc '10		8.76	-	97	-1/2	116 1/2	93 1/2
9pc Cap 1996		8.96	-	100 1/2	—	103 1/2	99 1/4
13pc '97-2		12.01	-	108 1/4	-1/8	118 1/4	106
Hydro Quebec 15pc 2011		10.56	9.81	142	—	169 13/16	137 13/16
Leeds 13 1/2pc 2006		10.59	-	127 1/2	—	149 1/4	125
Liverpool 3 1/2pc Irred.		9.46	-	37	—	44 1/4	33 3/4
LCC 3pc '20 Aft.		9.23	-	32 1/2	—	40 1/2	28 1/4
Manchester 11 1/2pc 2007		10.04	9.53	114 1/2	—	138 1/4	112
Met. Wtr. 3pc 'B'		4.41	8.32	68	—	78	65 1/2
N'wide Anglia 3 3/4pc 2021		-	4.52	132	—	150 1/4	129 3/8
4 1/4pc IL 2024		-	4.49	127	—	145 1/4	123 7/8
Utd Mex States 16 1/2pc 2008		11.91	-	138 1/2	—	169 1/2	134 7/8

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

ECONOMIC DIARY – FORWARD EVENTS

TODAY: Kyrgyzstan holds referendum on shape of new parliament.

TOMORROW: British summer time ends. Clocks go back one hour. Grand assembly in Afghanistan scheduled to elect new government leadership. Pakistan to begin national population census. Basque regional elections.

MONDAY: US treasury budget (September). Mr John Major, prime minister, and Mr Albert Reynolds, Irish premier, are expected to meet at Chequers for talks about developing the Ulster peace process. European Parliament in plenary session in Strasbourg. European Union agriculture council meets in Luxembourg. Eurostar rail tickets go on sale.

TUESDAY: Confederation of British Industry publishes industrial trends survey (third quarter). US existing home sales (September); consumer confidence (October). Mr Bill Clinton, US president, starts short tour of Middle East. Middle East environmental talks in Manama (until October 26). Launch of Coal Authority, successor to British Coal.

WEDNESDAY: Bricks and cement production and deliveries (third quarter). Mortgage possession statistics (third quarter). US durable orders (September). Mr Clinton attends the signing ceremony of a peace treaty between Israel and Jordan. Local Government Commission launches publication of final recommendations of future structure for nine counties.

THURSDAY: New earnings survey 1994 Part C: Analyses by industry. Energy trends (August). New vehicle registrations (September). Digest of agricultural census statistics for UK (1993). Japan retail sales (September). Group of Seven hold conference in Winnipeg to discuss aid to the Ukraine. Bundesbank council meets. British Tourist Authority annual report. ICI issues interim figures.

FRIDAY: Major British banking groups' mortgage lending (September). US gross domestic product (third quarter-advance); budget deficit (September). Tresors 1994, the international fine art and antiques fair for Asia, opens in Singapore.

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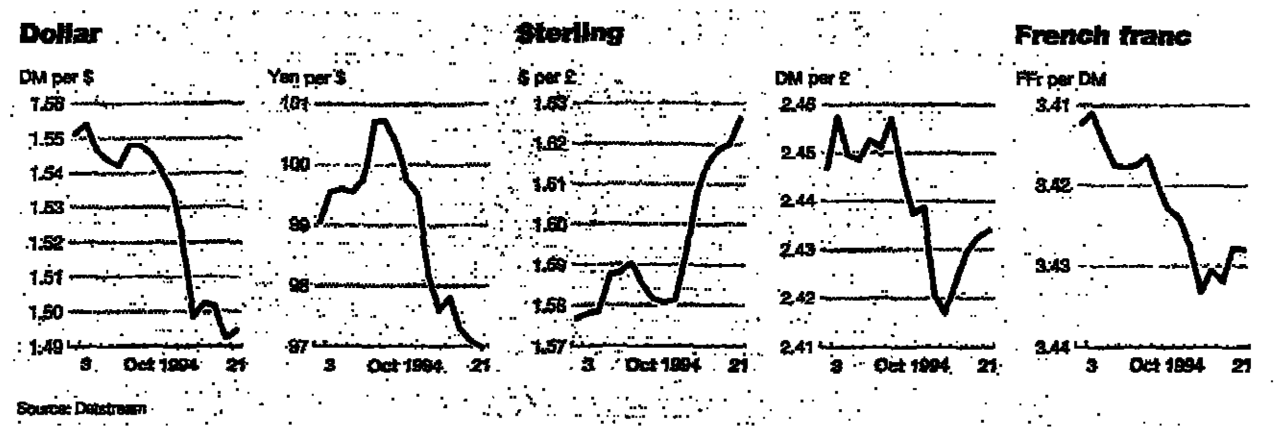
CURRENCIES AND MONEY

MARKETS REPORT

Dollar troubles



The dollar traded nervously yesterday after touching overnight lows in Asian trading against the D-Mark and the yen, *writes Philip Gawith.*

Market sentiment towards the US currency remains predominantly negative, but traders are reluctant to sell the currency aggressively for fear of being caught out by central bank intervention.

After touching lows of Y96.50 and DM1.4880, the dollar recovered to finish in London at Y96.995 and DM1.4954.

Elsewhere, the star performer on the exchanges was the Swedish krona, which finished at SKr4.758 against the D-Mark, after touching SKr4.7330, from SKr4.774. It was boosted by another referendum poll showing increased support for EU membership, and hedging strategies adopted by Swedish exporters, whose dollar receivables are being hit by the falling US currency.

Sterling was also slightly firmer on the exchanges. The trade weighted index finished at 80.4 from 80.2. Against the D-Mark, sterling closed at DM2.4345, from DM2.4325. Against the dollar it closed at $1.628 from $1.62.

■ Despite the dollar being near record lows, traders reported fairly low volumes. There were indications, however, that longer-term investors were starting to re-think their attitude to the currency. Recent weakness has been mostly caused by short term traders.

Mr Neil MacKinnon, chief economist at Citibank in London, said that its volume analysis showed increased dollar selling. He said medium to long term investors were getting very nervous about the dollar, especially against the yen. He said Citibank's client base was underweight in the yen, and probably neutral in terms of its D-Mark holdings.

One corollary of this is that central bank support for the dollar would be unlikely to succeed, because the market is wrongly positioned.

Mr Mike Rosenberg, managing director of international fixed income research at Merrill Lynch in New York, cautioned against dramatising the dollar's plight. "This is not a free fall, it is a gradual move down," he said.

Mr Rosenberg said he doubted whether long-term investors would be making significant alterations in their currency exposure. "1994 has been a difficult year, and people are not going to be putting on big positions now," he said.

The dollar gained some support from Mr Larry Summers, US Treasury undersecretary, who said the administration favoured a stronger dollar. In an effort to undo the damage done on Thursday evening, when treasury secretary Mr Lloyd Bentsen's comments, that the administration would not intervene to support the dollar, drove it to record lows, he denied there had been a shift in the US's dollar policy.

Mr Summers said the administration would, when appropriate, be prepared to intervene in the currency markets.

■ In its daily operations the Bank of England provided UK money markets with £1.325bn assistance, after forecasting a £1.3bn shortage. Overnight money traded between 3¾ and 5 per cent.

Three month LIBOR was unchanged at 5 15/16 per cent. In the futures markets the March short sterling contract closed at 92.68 from 92.71.

In Germany, futures lost ground across the board after news that M3 money supply had grown at an annualised 7.7 per cent in September, above market forecasts of 6.9-7.5 per cent. This dampened hopes of another cut in German interest rates.

■ Pound in New York

Oct 21	Latest	Prev. close
£ spot	1.6262	1.6323
1 mth	1.6273	1.6315
3 mth	1.6268	1.6309
1 yr	1.6170	1.6212

WORLD INTEREST RATES

MONEY RATES

October 21	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4¾	5	5¼	5⅝	6¼	7.40	4.50	-
week ago	4¾	5	5¼	5¾	6⅜	7.40	4.50	-
France	5⅜	5 7/16	5⅜	5¾	6⅜	5.00	-	6.75
week ago	5¼	5 7/16	5½	5⅝	6¼	5.00	-	6.75
Germany	4.82	4.95	5.15	5.25	5.58	6.00	4.50	4.85
week ago	4.95	4.95	5.15	5.30	5.65	6.00	4.50	4.85
Ireland	4⅝	5⅜	5⅞	6¼	7¼	-	-	6.25
week ago	4¼	6⅛	5½	6¼	7¼	-	-	6.25
Italy	8¼	8¾	8¾	9¼	10¼	-	7.50	8.20
week ago	8¼	8¾	8¾	9¼	10⅛	-	7.50	8.20
Netherlands	4.84	4.93	5.17	5.30	5.68	-	5.25	-
week ago	4.84	4.93	5.18	5.32	5.78	-	5.25	-
Switzerland	3⅝	3⅝	4 1/16	4¼	4¾	6.625	3.50	-
week ago	2⅝	3⅝	4⅛	4⅜	4⅝	6.625	3.50	-
US	4¾	4⅞	5⅜	5¾	6¼	-	4.00	-
week ago	4⅝	4⅞	5⅜	5⅝	6⅛	-	4.00	-
Japan	2¼	2¼	2¼	2¼	2⅜	-	1.75	-
week ago	2¼	2¼	2¼	2¼	2⅜	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5	5⅜	5⅞	6¼	-	-	-
week ago	-	5	5¼	5⅝	6⅜	-	-	-
US Dollar CDs	-	4.88	5.38	5.71	6.30	-	-	-
week ago	-	4.88	5.27	5.57	6.13	-	-	-
SDR Linked Ds	-	3⅜	3⅝	3¾	4	-	-	-
week ago	-	3⅜	3⅝	3¾	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅜; 3 mths: 5⅝; 6 mths: 6¼; 1 year: 6⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 21	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 - 4⅞	5¼ - 5⅛	5 9/16 - 5 7/16	6¼ - 6⅛
Danish Krone	6 - 5¾	6 - 5¾	6 - 5¾	6⅜ - 6¼	6¾ - 6⅝	7½ - 7⅜
D-Mark	4⅞ - 4¾	4⅞ - 4¾	4 15/16 - 4 13/16	5⅛ - 5	5 5/16 - 5 3/16	5⅝ - 5½
Dutch Guilder	4 15/16 - 4 13/16	4 15/16 - 4 13/16	4 15/16 - 4 13/16	5 3/16 - 5 1/16	5 7/16 - 5 5/16	5⅝ - 5½
French Franc	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5 7/16 - 5 5/16	5⅝ - 5½	5⅞ - 5¾	6⅜ - 6¼
Portuguese Esc.	9⅛ - 9	9⅛ - 9	9⅝ - 9⅜	10¼ - 10	10⅝ - 10¼	10⅝ - 10⅜
Spanish Peseta	7½ - 7⅜	7½ - 7⅜	7⅝ - 7½	7 15/16 - 7 13/16	8⅜ - 8¼	9⅛ - 9
Sterling	5⅝ - 5⅜	5⅝ - 5⅜	5½ - 5 7/16	5 15/16 - 5 13/16	6½ - 6⅜	7 5/16 - 7 3/16
Swiss Franc	3⅞ - 3¾	3⅞ - 3¾	3 15/16 - 3 13/16	4 1/16 - 3 15/16	4¼ - 4⅛	4⅝ - 4½
Can. Dollar	4 13/16 - 4⅝	4⅞ - 4 11/16	4 15/16 - 4 13/16	5½ - 5⅜	6 1/16 - 5 15/16	6 13/16 - 6 11/16
US Dollar	4 13/16 - 4 11/16	4 13/16 - 4 11/16	5 - 4⅞	5⅝ - 5½	5 15/16 - 5 13/16	6½ - 6⅜
Italian Lira	9 - 7½	8⅜ - 8⅛	8⅜ - 8¼	8¾ - 8⅝	9¼ - 9⅛	10 3/16 - 10 1/16
Yen	2¼ - 2 1/16	2 5/16 - 2 3/16	2⅜ - 2¼	2⅜ - 2¼	2½ - 2⅜	2 13/16 - 2¾
Asian $Sing	1⅞ - 1¾	1¼ - 1⅛	2⅜ - 2¼	3 5/16 - 3 3/16	3⅝ - 3½	4 - 3⅞

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.23	94.19	-0.03	94.24	94.17	19,747	56,476
Mar	93.76	93.74	-0.06	93.80	93.70	14,094	38,113
Jun	93.37	93.33	-0.07	93.39	93.31	8,590	26,841
Sep	93.02	92.94	-0.10	93.03	92.92	3,058	19,659

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.00	94.00	-0.03	94.00	94.00	10	2519
Mar		93.57	-0.01			0	1366
Jun		93.11	-0.04			0	300
Sep		92.77	-0.03			0	58

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	94.84	94.79	-0.05	94.86	94.76	34315	157728
Mar	94.54	94.47	-0.08	94.57	94.44	54988	138139
Jun	94.14	94.08	-0.08	94.17	94.03	34786	102741
Sep	93.77	93.68	-0.10	93.79	93.63	15461	78196

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	90.65	90.69	-0.02	90.70	90.55	4851	32343
Mar	89.96	89.97	-0.02	89.96	89.86	3792	23616
Jun	89.43	89.44	-0.02	89.43	89.37	761	15516
Sep	89.04	89.06	-0.03	89.06	89.01	773	17545

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.78	95.80	+0.02	95.83	95.76	2763	19769
Mar	95.48	95.47	+0.01	95.49	95.42	1998	16151
Jun	95.11	95.05	-0.01	95.11	95.03	609	5290
Sep	94.73	94.72	-0.01	94.81	94.72	188	1494

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.84	93.81	-0.04	93.84	93.76	727	7394
Mar	93.40	93.36	-0.06	93.41	93.33	732	6739
Jun	92.90	92.84	-0.09	92.90	92.83	473	3776
Sep	92.37	92.38	-0.08	92.38	92.36	127	2193

* LIFFE futures traded on APT

POUND SPOT FORWARD AGAINST THE POUND

Oct 21		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.1347	+0.0151	254 - 440	17.2021	17.0882	17.1304	0.3	17.1185	0.4	-	-	115.8
Belgium	(BFr)	50.1262	+0.0867	782 - 741	50.1750	49.9760	50.0912	0.8	50.0212	0.8	49.6312	1.0	117.3
Denmark	(DKr)	9.5190	+0.0058	136 - 243	9.5323	9.4956	9.5142	0.6	9.533	-0.6	9.5626	-0.5	117.4
Finland	(FM)	7.4644	-0.0085	540 - 748	7.5100	7.4140	-	-	-	-	-	-	88.8
France	(FFr)	8.3452	+0.0071	418 - 485	8.3578	8.3207	8.3455	0.0	8.3375	0.4	8.2777	0.8	110.7
Germany	(DM)	2.4345	+0.002	331 - 359	2.4400	2.4268	2.4333	0.6	2.4298	0.8	2.3982	1.5	128.8
Greece	(Dr)	374.685	+1.043	488 - 881	375.702	373.315	-	-	-	-	-	-	-
Ireland	(I£)	1.0149	+0.0022	141 - 157	1.0188	1.0111	1.0147	0.2	1.0144	0.2	1.0161	-0.1	105.4
Italy	(L)	2491.66	+10.71	006 - 328	2495.52	2485.55	2497.66	-2.9	2509.46	-2.9	2561.01	-2.8	74.7
Luxembourg	(LFr)	50.1262	+0.0867	782 - 741	50.1750	49.9760	50.0912	0.8	50.0212	0.8	49.6312	1.0	117.3
Netherlands	(Fl)	2.7268	+0.0031	272 - 300	2.7343	2.7208	2.7272	0.6	2.7233	0.8	2.6803	1.4	121.4
Norway	(NKr)	10.5967	+0.0135	910 - 023	10.6635	10.5249	10.5981	0.1	10.5996	-0.1	10.6003	0.0	86.7
Portugal	(Es)	249.084	+0.114	926 - 242	250.281	248.415	250.814	-8.3	253.994	-7.9	-	-	-
Spain	(Pta)	203.020	+0.534	900 - 139	203.385	202.417	203.395	-2.0	204.475	-2.9	206.795	-1.9	88.1
Sweden	(SKr)	11.5804	-0.038	704 - 904	11.6193	11.4889	11.6014	-2.2	11.6484	-2.3	11.8364	-2.2	76.5
Switzerland	(SFr)	2.0277	+0.0071	262 - 291	2.0308	2.0179	2.0249	1.6	2.0181	1.9	1.9788	2.4	123.2
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.4
Ecu	-	1.2790	+0.0013	783 - 796	1.2812	1.2770	1.2786	0.1	1.2789	0.0	1.2732	0.4	-
SDR†	-	0.917857	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6279	+0.009	273 - 285	1.6325	1.6262	-	-	-	-	-	-	-
Brazil	(R)	1.3855	+0.0102	834 - 875	1.3898	1.3834	-	-	-	-	-	-	-
Canada	(C$)	2.2055	+0.0104	044 - 066	2.2163	2.2037	2.2045	0.6	2.2033	0.4	2.1999	0.3	86.8
Mexico	(New Peso)	5.5805	+0.034	547 - 662	5.5751	5.5544	-	-	-	-	-	-	-
USA	($)	1.6280	+0.008	275 - 285	1.6330	1.6265	1.6273	0.5	1.6267	0.3	1.6167	0.7	60.8
Pacific/Middle East/Africa													
Australia	(A$)	2.2255	+0.027	243 - 266	2.2332	2.2240	2.2254	0.0	2.2268	-0.2	2.245	-0.9	-
Hong Kong	(HK$)	12.5807	+0.0632	760 - 854	12.6179	12.5699	12.5768	0.4	12.5757	0.2	12.5827	0.0	-
India	(Rs)	51.0683	+0.2504	465 - 901	51.2230	51.0270	-	-	-	-	-	-	-
Japan	(Y)	157.908	+0.246	802 - 013	158.560	157.620	157.478	3.3	156.473	3.6	151.218	4.2	189.6
Malaysia	(M$)	4.1575	+0.0298	550 - 600	4.1625	4.1464	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6569	+0.017	580 - 618	2.6662	2.6580	2.6639	-1.8	2.6716	-1.8	2.6986	-1.3	-
Philippines	(Peso)	41.0257	+0.2353	875 - 639	41.3720	40.6665	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.1058	+0.0294	031 - 085	6.1251	6.1010	-	-	-	-	-	-	-
Singapore	(S$)	2.3997	+0.0127	981 - 012	2.4056	2.3973	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.7074	-0.0187	044 - 103	5.7735	5.7033	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.5039	+0.1213	856 - 221	6.5235	6.4056	-	-	-	-	-	-	-
South Korea	(Won)	1298.58	+5.37	793 - 922	1303.79	1297.82	-	-	-	-	-	-	-
Taiwan	(T$)	42.3706	+0.0841	478 - 939	42.6001	42.3419	-	-	-	-	-	-	-
Thailand	(Bt)	40.5372	+0.1587	085 - 659	40.6530	40.5070	-	-	-	-	-	-	-

†SDR rates for Oct 20. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 21		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	10.5250	-0.043	225 - 275	10.5315	10.4735	10.525	0.0	10.5248	0.0	10.45	0.7	104.6
Belgium	(BFr)	30.7900	-0.0995	700 - 100	30.8100	30.6540	30.8	-0.4	30.75	0.5	30.7	0.3	106.3
Denmark	(DKr)	5.8470	-0.0255	455 - 485	5.8540	5.8223	5.8514	-0.9	5.8605	-0.9	5.917	-1.2	105.7
Finland	(FM)	4.5850	-0.028	800 - 900	4.6008	4.5427	4.5857	-0.2	4.5823	0.2	4.5925	-0.2	83.3
France	(FFr)	5.1260	-0.0211	255 - 265	5.1320	5.1035	5.128	-0.5	5.1265	0.0	5.12	0.1	106.9
Germany	(D)	1.4954	-0.0082	950 - 958	1.4980	1.4883	1.4955	-0.1	1.4938	0.4	1.4827	0.8	107.5
Greece	(Dr)	230.150	-0.5	100 - 200	230.210	228.950	230.445	-1.5	231.025	-1.5	233.225	-1.3	68.7
Ireland	(I£)	1.6041	+0.0044	033 - 048	1.6120	1.6022	1.604	0.0	1.6042	0.0	1.5911	0.8	-
Italy	(L)	1530.60	-1	000 - 100	1532.50	1523.60	1534.85	-3.4	1542.7	-3.2	1584	-3.5	75.2
Luxembourg	(LFr)	30.7900	-0.0995	700 - 100	30.8100	30.6540	30.8	-0.4	30.75	0.5	30.7	0.3	106.3
Netherlands	(Fl)	1.6761	-0.0064	757 - 764	1.6788	1.6684	1.6763	-0.1	1.6742	0.5	1.6641	0.7	106.2
Norway	(NKr)	6.5090	-0.024	075 - 105	6.5380	6.4560	6.5127	-0.7	6.5305	-1.3	6.584	-1.2	97.0
Portugal	(Es)	153.000	-0.89	950 - 050	153.500	152.440	153.675	-5.3	154.9	-5.0	159.25	-4.1	95.1
Spain	(Pta)	124.705	-0.29	670 - 740	124.800	124.170	124.97	-2.6	123.71	3.2	127.905	-2.6	81.0
Sweden	(SKr)	7.1133	-0.0588	093 - 172	7.1324	7.0511	7.1261	-2.5	7.1608	-2.7	7.3258	-3.0	81.8
Switzerland	(SFr)	1.2455	-0.0018	450 - 460	1.2470	1.2370	1.2444	1.1	1.2407	1.6	1.224	1.7	109.2
UK	(£)	1.6280	+0.008	275 - 285	1.6330	1.6265	1.6273	0.5	1.6267	0.3	1.6167	0.7	88.1
Ecu	-	1.2730	+0.0051	727 - 732	1.2768	1.2727	1.2723	0.7	1.2718	0.4	1.2699	0.2	-
SDR†	-	1.48868	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	+0.0006	999 - 000	1.0000	0.9992	-	-	-	-	-	-	-
Brazil	(R)	0.8510	+0.002	500 - 520	0.8520	0.8500	-	-	-	-	-	-	-
Canada	(C$)	1.3548	-0.0003	545 - 550	1.3587	1.3545	1.3547	0.0	1.3551	-0.1	1.3626	-0.6	83.3
Mexico	(New Peso)	3.4155	+0.004	130 - 180	3.4180	3.4130	3.4165	-0.4	3.4183	-0.3	3.4257	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	93.9
Pacific/Middle East/Africa													
Australia	(A$)	1.3670	+0.0098	667 - 672	1.3680	1.3637	1.3673	-0.2	1.368	-0.3	1.3753	-0.6	84.7
Hong Kong	(HK$)	7.7277	+0.0006	272 - 282	7.7282	7.7272	7.7275	0.0	7.7282	0.0	7.7432	-0.2	-
India	(Rs)	31.3688	-0.0012	650 - 725	31.3725	31.3650	31.4538	-3.3	31.5988	-2.9	-	-	-
Japan	(Y)	96.9950	-0.33	600 - 300	97.1500	96.5700	96.775	2.7	96.195	3.3	93.54	3.6	150.3
Malaysia	(M$)	2.5538	+0.0058	530 - 545	2.5545	2.5405	2.5446	4.3	2.5333	3.2	2.6068	-2.1	-
New Zealand	(NZ$)	1.6339	+0.0024	332 - 345	1.6348	1.6319	1.6349	-0.7	1.6367	-0.7	1.642	-0.5	-
Philippines	(Peso)	25.2000	+0.02	000 - 000	25.8000	25.1000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-0.0005	500 - 510	3.7510	3.7500	3.7518	-0.4	3.7559	-0.6	3.7745	-0.6	-
Singapore	(S$)	1.4740	+0.0005	735 - 745	1.4745	1.4710	1.4727	1.1	1.4708	0.9	1.464	0.7	-
S Africa (Com.)	(R)	3.5058	-0.029	050 - 065	3.5265	3.5015	3.5213	-5.3	3.5486	-5.0	3.6263	-3.4	-
S Africa (Fin.)	(R)	3.9950	+0.055	850 - 050	4.0050	3.9250	4.0287	-10.1	4.0875	-9.3	-	-	-
South Korea	(Won)	797.650	-0.65	500 - 800	798.500	797.500	800.65	-4.5	804.15	-3.3	822.65	-3.1	-
Taiwan	(T$)	26.0263	-0.0712	200 - 325	26.0900	26.0200	26.0463	-0.9	26.0863	-0.9	-	-	-
Thailand	(Bt)	24.9000	-0.027	900 - 100	24.9100	24.8900	24.9725	-3.5	25.1	-3.2	25.58	-2.7	-

†SDR rate for Oct 20. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 20. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 21		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.99	16.65	4.856	2.023	4970	5.443	21.13	496.8	405.0	23.10	4.044	1.995	4.399	3.248	315.0	2.552
Denmark	(DKr)	52.65	10	8.767	2.557	1.065	2617	2.866	11.13	261.6	213.3	12.17	2.129	1.051	2.316	1.710	165.9	1.344
France	(FFr)	60.06	11.41	10	2.917	1.215	2985	3.269	12.69	298.4	243.3	13.88	2.429	1.198	2.642	1.951	189.2	1.533
Germany	(DM)	20.59	3.911	3.429	1	0.417	1023	1.121	4.351	102.3	83.40	4.758	0.833	0.411	0.906	0.669	64.87	0.525
Ireland	(I£)	49.43	9.388	8.230	2.400	1	2457	2.690	10.44	245.6	200.2	11.42	1.999	0.986	2.175	1.606	155.7	1.261
Italy	(L)	2.012	0.382	0.335	0.098	0.041	100.	0.110	0.425	9.996	8.149	0.465	0.081	0.040	0.089	0.065	6.339	0.051
Netherlands	(Fl)	18.37	3.489	3.059	0.892	0.372	913.1	1	3.882	91.28	74.41	4.245	0.743	0.367	0.808	0.597	57.88	0.469
Norway	(NKr)	47.33	8.989	7.880	2.298	0.958	2352	2.576	10	235.1	191.7	10.93	1.914	0.944	2.082	1.537	149.1	1.208
Portugal	(Es)	20.13	3.823	3.351	0.978	0.407	1000	1.096	4.253	100.	81.53	4.651	0.814	0.402	0.886	0.654	63.41	0.514
Spain	(Pta)	24.69	4.689	4.111	1.199	0.500	1227	1.344	5.217	122.7	100.	5.704	0.999	0.493	1.086	0.802	77.78	0.630
Sweden	(SKr)	43.28	8.220	7.206	2.102	0.876	2151	2.356	9.145	215.0	175.3	10	1.750	0.864	1.904	1.406	136.4	1.104
Switzerland	(SFr)	24.73	4.696	4.117	1.201	0.500	1229	1.346	5.224	122.8	100.1	5.713	1	0.493	1.088	0.803	77.90	0.631
UK	(£)	50.12	9.519	8.345	2.434	1.014	2491	2.728	10.59	249.0	203.0	11.58	2.027	1	2.205	1.628	157.9	1.279
Canada	(C$)	22.73	4.317	3.785	1.104	0.460	1130	1.237	4.803	112.9	92.06	5.252	0.919	0.454	1	0.738	71.61	0.580
US	($)	30.79	5.847	5.126	1.495	0.623	1530	1.676	6.505	152.9	124.7	7.113	1.245	0.614	1.354	1	96.99	0.786
Japan	(Y)	31.74	6.028	5.285	1.541	0.642	1578	1.728	6.707	157.7	128.6	7.334	1.284	0.633	1.396	1.031	100.	0.810
Ecu		39.19	7.443	6.525	1.903	0.793	1948	2.133	8.280	194.7	158.7	9.054	1.585	0.782	1.724	1.273	123.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Oct 21	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.14508	-0.00026	-2.35	6.01	-
Belgium	40.2123	39.4055	+0.0018	-2.01	5.64	15
Germany	1.94964	1.91397	-0.00076	-1.83	5.45	-
Ireland	0.808628	0.796803	-0.000237	-1.46	5.05	9
France	6.53883	6.56127	-0.00261	0.34	3.16	-4
Denmark	7.43679	7.48649	-0.00266	0.67	2.83	-5
Portugal	192.854	195.837	-0.047	1.55	1.94	-11
Spain	154.250	159.675	+0.25	3.52	0.00	-23
NON ERM MEMBERS						
Greece	264.513	294.468	+0.4	11.32	-7.01	-
Italy	1793.19	1959.54	+6.17	9.28	-5.27	-
UK	0.786749	0.787030	-0.000605	0.04	3.48	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6701	0.6709	+0.0007	0.6719	0.6698	33,753	91,059
Mar	0.6730	0.6720	+0.0013	0.6730	0.6710	431	4,356
Jun	-	0.6730	-	-	-	3	577

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.0340	1.0383	+0.0040	1.0399	1.0340	27,224	57,877
Mar	1.0425	1.0463	+0.0032	1.0463	1.0425	820	6,814
Jun	-	1.0526	-	-	-	26	442

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8088	0.8078	-0.0013	0.8106	0.8069	18,634	42,889
Mar	0.8106	0.8113	-0.0009	0.8119	0.8106	154	1,168
Jun	-	0.8155	-	0.8164	0.8147	11	125

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6298	1.6300	-0.0008	1.6324	1.6270	15,803	44,875
Mar	1.6260	1.6290	-0.0002	1.6300	1.6254	34	474
Jun	-	1.6260	-	1.6260	1.6220	1	8

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.550	7.91	8.04	8.20	0.01	0.21	0.48
1.575	5.53	5.94	6.23	0.06	0.54	0.93
1.600	3.34	4.05	4.47	0.34	1.13	1.64
1.625	1.65	2.52	3.02	1.10	2.08	2.61
1.650	0.62	1.49	1.98	2.56	3.43	3.99
1.675	0.15	0.79	1.21	4.53	5.20	5.68

Previous day's vol., Calls 8,244 Puts 8,265 . Prev. day's open int., Calls 431,735 Puts 376,753

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.00	93.98	-0.02	94.01	93.97	167,027	447,913
Mar	93.56	93.54	-0.02	93.57	93.53	185,407	402,624
Jun	93.11	93.09	-0.02	93.12	93.07	111,637	302,118

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.59	94.58	-0.01	94.60	94.57	1,369	17,724
Mar	94.09	94.09	-0.01	94.09	94.09	371	9,211
Jun	-	93.63	-	-	93.63	332	3,964

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
9475	0.09	0.13	0.07	0.11	0.05	0.09	0.35	0.39
9500	0.02	0.04	0.03	0.05	0.23	0.25	0.56	0.58
9525	0	0.01	0.02	0.02	0.46	0.47	0.80	0.80

Est. vol. total, Calls 11120 Puts 15545. Previous day's open int., Calls 201810 Puts 180176

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9575	0.13	0.12	0.08	0.08	0.40	0.78
9600	0.03	0.06	0.04	0.23	0.59	0.99
9625	0.01	0.04		0.46	0.82	

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1670 Puts 645

UK INTEREST RATES

LONDON MONEY RATES

Oct 21	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 - 3¾	5⅛ - 4⅞	5½ - 5⅜	6 - 5⅞	6 7/16 - 6 5/16	7 5/16 - 7 3/16
Sterling CDs	-	-	5 7/16 - 5⅜	5⅞ - 5¾	6 5/16 - 6 3/16	7 3/16 - 7 1/16
Treasury Bills	-	-	5⅜ - 5 5/16	5½ - 5⅜	-	-
Bank Bills	-	-	5 15/16 - 5 11/16	5¾ - 5⅝	6⅛ - 6	-
Local authority deps.	5¼ - 5⅛	5¼ - 5⅛	5⅝ - 5½	5¾ - 5⅝	6⅜ - 6 5/16	7 1/16 - 6 15/16
Discount Market deps	5 - 3¾	5¼ - 5⅛	-	-	-	-

UK clearing bank base lending rate 5¾ per cent from September 12, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 5.4229pc. ECGD fixed rate Stlg. Export Finance. Make up day Sep 30, 1994. Agreed rate for period Oct 26, 1994 to Nov 25, 1994, Schemes II & III 7.05pc. Reference rate for period Sep 1, 1994 to Sep 30, 1994, Schemes IV & V 5.735pc. Finance House Base Rate 6pc from Oct 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.49	93.50	+0.01	93.51	93.45	18196	145408
Mar	92.65	92.68	+0.01	92.69	92.58	25269	74209
Jun	92.07	92.08	-0.01	92.09	91.98	8378	55683
Sep	91.62	91.66	-0.02	91.66	91.55	3306	51480

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9350	0.18	0.07	0.10	0.18	0.89	1.52
9375	0.07	0.03	0.06	0.32	1.10	1.73
9400	0.02	0.01	0.04	0.52	1.33	1.96

Est. vol. total, Calls 10698 Puts 9548. Previous day's open int., Calls 340938 Puts 182076

BASE LENDING RATES

	%		%		%
Adam & Company	5.75	Duncan Lawrie	5.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.75	Exeter Bank Limited	6.75	Royal Bk of Scotland	5.75
AIB Bank	5.75	Financial & Gen Bank	6.5	●Smith & Williamson Secs.	5.75
●Henry Ansbacher	5.75	●Robert Fleming & Co	5.75	TSB	5.75
Bank of Baroda	5.75	Girobank	5.75	●United Bk of Kuwait	5.75
Banco Bilbao Vizcaya	5.75	●Guinness Mahon	5.75	Unity Trust Bank Plc	5.75
Bank of Cyprus	5.75	Habib Bank AG Zurich	5.75	Western Trust	5.75
Bank of Ireland	5.75	●Hambros Bank	5.75	Whiteaway Laidlaw	5.75
Bank of India	5.75	Heritable & Gen Inv Bk.	5.75	Yorkshire Bank	5.75
Bank of Scotland	5.75	●Hill Samuel	5.75		
Barclays Bank	5.75	C. Hoare & Co	5.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	5.75		
●Brown Shipley & Co Ltd	5.75	Julian Hodge Bank	5.75		
CL Bank Nederland	5.75	●Leopold Joseph & Sons	5.75		
Citibank NA	5.75	Lloyds Bank	5.75		
Clydesdale Bank	5.75	Meghraj Bank Ltd	5.75		
The Co-operative Bank	5.75	Midland Bank	5.75		
Coutts & Co	5.75	* Mount Banking	6		
Credit Lyonnais	5.75	NatWestminster	5.75		
Cyprus Popular Bank	5.75	●Rea Brothers	5.75		

● Members of London Investment Banking Association
* In administration

■ OTHER CURRENCIES

Oct 21	£	$
Hungary	171.659 - 171.937	105.480 - 105.580
Iran	2819.00 - 2822.00	1748.00 - 1750.00
Kuwait	0.4817 - 0.4833	0.2960 - 0.2958
Poland	37208.5 - 37265.0	22863.0 - 22893.0
Russia	4954.00 - 4956.90	3043.00 - 3046.00
U.A.E.	5.9674 - 5.9793	3.6715 - 3.6735

FT GUIDE to WORLD CURRENCIES

The FT Guide to World Currencies table can be found on the Emerging Markets page in Monday's paper.

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Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 4.2(a) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ф Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £123¼

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £34
Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg)(F/P) - £79⅜ .43
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £118½ (19Oc94)
Reading Corp 3% Stk 1962(or after) - £29
Swansea(City of) 13¼% Red Stk 2006 - £128½

UK Public Boards

Clydeport Ld 4% Irrd Stk - £39 (14Oc94)
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 - £57⅜ (18Oc94)
Metropolitan Water Lambeth Water Works Co 3% Red Deb Stk - £62 (19Oc94)
Port of London Authority 3% Port of London A Stk 29/99 - £77½ 80 (19Oc94)
Port of London Authority 3½% Stk 49/99 - £79 (19Oc94)

Foreign Stocks, Bonds, etc-(coupons payable in London)

Abbey National Treasury Servs PLC 6% Gtd Nts 1999(Br£1000,10000,100000) - £88½ (18Oc94)
Abbey National Treasury Servs PLC 6½% Gtd Bds 2003 (Br $ Var) - $88.3 (19Oc94)
Abbey National Treasury Servs PLC 6.75% Gtd Nts 2004(BrSC1000&10000) - SC81.95 (18Oc94)
Abbey National Treasury Servs PLC 7¾% Gtd Nts 1998 (Br £ Var) - £98¾ (19Oc94)
Abbey National Treasury Servs PLC 8% Gtd Bds 2003 (Br £ Var) - £91⅞ (19Oc94)
Allied Domecq PLC 10⅜% Bds 1999(Br£5000&100000) - £105 1/16 (17Oc94)
Asda Finance Ld 10¼% Cnv Cap Bds2005(Br £5000&100000) - £108¼ (14Oc94)
BP America Inc 9½% Gtd Nts 1998 (Br £ Var) - £101¾ (18Oc94)
Barclays Bank PLC 6.5% Nts 2004(Br£Various) - £82½
Barclays Bank PLC 9.875% Undated Subord Nts - £98¼ (17Oc94)
Barclays Bank PLC 10¼% Sen Sub Bds 1997(Br£1000&10000) - £103¾ (18Oc94)
Bristol & West Building Society 10⅞% Subord Bds 2000(Br£10000&100000) - £101¾ ¾ (18Oc94)
Britannia Building Society 10½% Bds 2000 (Br £10000&100000) - £104⅞ (19Oc94)
British Aerospace PLC 10¾% Bds 2014 (Br£10000&100000) - £104.3 ½ (19Oc94)
British Aerospace PLC 11⅞% Bds 2008 (Br £10000&10000) - £113.46 (17Oc94)
British Airways PLC 10⅞% Bds 2008(Br£1000&10000) - £107½ (17Oc94)
British Gas PLC 7⅝% Nts 1997 (Br £ Var) - £98⅞
British Gas PLC 7⅝% Bds 2000 (Br £ Var) - £95⅜ (19Oc94)
British Gas PLC 8¼% Bds 2003 (Br £ Var) - £93⅞
British Gas PLC 8⅞% Bds 2008 (Br £ Var) - £97¼ (18Oc94)
British Gas PLC 7⅛% Bds 2044(Br£1000,10000,1000000) - £76⅝
British Telecommunications PLC Zero Cpn Bds 2000(Br£1000&10000) - £62¾ (18Oc94)
British Telecommunications PLC 7⅛% Bds 2003 (Br £ Var) - £88.58
Burmah Castrol Capital(Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £146
Commercial Union PLC 10¾% Gtd Bds 2002 (Br £ Var) - £105½ (14Oc94)
Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £160½ (19Oc94)
Denmark(Kingdom of) 6¾% Nts 1998 (Br £ Var) - £93½ .65 (19Oc94)
Depfa Finance N.V. 7⅛% Gtd Bds 2003 (Br £ Var) - £86 9/16 (19Oc94)
East Midlands Electricity PLC 12% Bds 2016 (Br £10000 & 100000) - £123¼ 13/16 (19Oc94)
Eastern Electricity PLC 8⅜% Bds 2004(Br£ Vars) - £93⅞
Ef Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £98½ (19Oc94)
Ef Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £95.675 6.675 (14Oc94)
Export-Import Bank of Japan 8% Gtd Bds 2002(Br$5000) - $100.55 (18Oc94)
Far Eastern Department Stores Ld 3% Bds 2001(Reg Integral multi $1000) - $104¼ 105¼
Far Eastern Textile Ld 4% Bds 2006(Br$10000) - $113 (18Oc94)
Finland(Republic of) 8¼% Nts 1997 (Br£ Var) - £102¼
Finland(Republic of) 10⅜% Bds 1997(Br£1000&10000) - £103¾ (17Oc94)
Fuji Bank Ld 1¾% Cnv Bds 2002(Br$5000) - $109 (14Oc94)
Granada Group PLC 11¼% Bds 2019 (Br£10000&100000) - £112¼ (14Oc94)
Guaranteed Export Finance Corp PLC 10⅝% Gtd Bds 2001 (Br£Var) - £107⅛ (14Oc94)
Guinness PLC 7⅛% Nts 1997 (Br £ Var) - £97 (17Oc94)
Guinness PLC 10⅝% Nts 1997 (Br £1000 & 10000) - £104⅛ (19Oc94)
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £99 (18Oc94)
Halifax Building Society 6½% Bds 2004 (Br£1000,10000,100000) - £82¼ ⅜
Halifax Building Society 8⅛% Nts 1999(Br£Vars) - £97 7/16 ½ (19Oc94)
Halifax Building Society 8¼% Nts 1997 (Br£Var) - £100.4 (19Oc94)
Halifax Building Society 10⅜% Nts 1997(Br£1000&10000) - £104 (14Oc94)
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £110⅛ ½ (19Oc94)
Hammerson Property Inv & Dev Corp 10¾% Bds 2013 (Br£10000&100000) - £102⅛ (14Oc94)
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £103½ (19Oc94)
Hanson PLC 10⅜% Bds 1997 (Br £Var) - £104 4 (18Oc94)
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £101.3 (17Oc94)
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) - 131 (19Oc94)
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Br£1000&10000) - £129
Imperial Chemical Industries PLC 9¾% Bds 2005(Br£1000&10000) - £101⅛ (19Oc94)
Imperial Chemical Industries PLC 10% Bds 2003(Br£1000&10000) - £102¾ (14Oc94)
International Bank for Rec & Dev 10% Bds 1999(Br£1000&10000) - £103.72 (17Oc94)
International Bank for Rec & Dev 11⅛% Nts 2001(Br£1000&10000) - £109⅞ (18Oc94)
Italy(Republic of) 10½% Bds 2014 (Br£10000&50000) - £107.3 (19Oc94)
Japan Development Bank 7% Gtd Bds 2000 (Br £ Var) - £92
Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £95½ (19Oc94)
Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £99 9 (18Oc94)
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £110½ (19Oc94)
Leeds Permanent Building Society Collared FltgRteNts 2003(Reg Mult£1000) - £95½
Lewis (John) PLC 10¼% Bds 2006(Br£1000&10000) - £105⅜ ½ (18Oc94)
Lloyds Bank PLC 7⅞% Subord Bds 2004(Br£Various) - £86⅛
Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £98⅛ ⅛
MEPC PLC 9⅞% Bds 2004(Br£1000&10000) - £99⅜ (17Oc94)
MEPC PLC 12% Bds 2006 (Br £10000 & 100000) - £114⅞ (14Oc94)
Marks & Spencer Finance PLC 7⅞% Gtd Nts 1998 (Br £ Var) - £96 (14Oc94)
Municipality Finance Ld 9½% Gtd Nts 1997 (Br £Var) - £102½ (14Oc94)
National Grid Co PLC 7⅞% Bds 1998 (Br £ Var) - £95⅞ 6½
National & Provincial Bldg Society 8¼% Nts 1998 (Br £ Var) - £97¼ (18Oc94)
National Westminster Bank PLC 11¾% Subord Nts 2001 (Br £Var) - £110 (14Oc94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf/Reg - £99¾ф
Nationwide Building Society 8⅜% Subord Nts 2018 (Br £ Var) - £86¾
Nationwide Building Society Zero Cpn Nts 1998 (Br £ Var) - £70⅞ (18Oc94)
Northern Rock Building Society 11⅞% Subord Bds 2000 (Br£5000) - £104¾ (18Oc94)
Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £92⅞ (19Oc94)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001(Reg$5000&500000) - $119.15 120 (14Oc94)
Pacific Electric Wire&Cable Co Ld 3¾% Bds 2001(Br$10000) - $119½ (19Oc94)
Pearson Sterling Two PLC 9.5% Gtd Bds 2004(Br£ Vars) - £98⅞ (17Oc94)
Peninsular & Oriental Steam Nav Co 11½% Bds 2014 (Br£10000&100000) - £112¼ (19Oc94)
PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £96¾ (19Oc94)
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £98 9/16
Robert Fleming Intl Finance Ld 9¼% Perp Subord Gtd Nts (Br £ Var) - £82½ .575
Royal Bank of Scotland PLC 6⅝% Bds 2004(Br£Vars) - £82.6 (18Oc94)
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £91⅜
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £104¼ (18Oc94)
Royal Insurance Hldgs PLC 9⅝% Subord Bds 2003 (Br £ Var) - £96⅞ (19Oc94)
Sainsbury (J.)(Channel Islands)Ld 8½%CnvCapBds 2005(Br £5000&100000) - £125½ (19Oc94)
Sincere Navigation Corporation 3.75% Bds 2003 (Br $10000&100000) - $106½ 107½
Smithkline Beecham Capital PLC 7¾% Gtd Nts 1998 (Br £ Var) - £96.2ф
Smithkline Beecham Capital PLC 8⅛% Gtd Nts 1998 (Br £ Var) - £97 (19Oc94)
State Bank of New South Wales Ld 7% Bds 1999 (Br $A Var) - $A92⅞ (17Oc94)
Sweden(Kingdom of) 6½% Nts 2003 (Reg $1000) - £90.1 (14Oc94)
Sweden(Kingdom of) 11¼% Bds 1995(Br £5000) - £101⅜ (17Oc94)
Tarmac Finance (Jersey) Ld 9½% Cnv Cap Bds 2006 (Reg £1000) - £95 .45 ½ 6
Tate & Int Finance PLC 8% Gtd Bds 1999(Br£10000&100000) - £94 13/16 .95
Tate & Lyle Int Fin PLC 5¾% Gtd Bds 2001 (Br £5000) - £84⅜ ⅞ 5¼ (17Oc94)
Tate&Lyle IntFin PLC/Tate&Lyle PLC 5¾% T&LItFnGdBds 2001(Br) W/WtsT&LPLC - £84⅛ ⅞ 5¼ (17Oc94)
Tesco Capital Ld 9% Cnv Cap Bds 2005(Reg £1) - £115½ 6 ½
Tesco Capital Ld 9% Cnv Cap Bds 2005(Br£5000&10000) - £114¼
3i International BV 7¾% Gtd Bds 2003 (Br £ Var) - £90 1/16 (17Oc94)
Tokyo Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £95½ (17Oc94)
Toyota Motor Corporation 5.625% Bds 1998 (Br $ Var) - £94⅝ (14Oc94)
Trafalgar House PLC 10⅞% Bds 2014 (Br£10000&100000) - £103 (14Oc94)
Tung Ho Steel Enterprise Corp 4% Bds 2001(Br$10000) - $112 (19Oc94)
U-Ming Marine Transport Corporation1½% Bds 2001(Reg in Mult $1000) - $110 111
United Kingdom 7¼% Bds 2002(Br$Var) - $98.15 (14Oc94)
United Kingdom 8¼% Bds 2001(Br ECU1000,10000&100000) - EC103.52 (18Oc94)
Warburg(S.G.) Group PLC 9% Perp Subord Nts (RepNtsBr£) - £82.05 (19Oc94)
Landeskreditbank Baden-Wuerttemberg SC25m 6.625% Nts 22/12/97 - SC101.4 101½ (19Oc94)
Sweden(Kingdom of) £600m 7½% Nts 3/12/97 - £97
Sweden(Kingdom of) £350m 7⅝% Bds 28/7/2000 - £93⅞ (14Oc94)
Sweden(Kingdom of) ECU100m 7¼% Nts 2000 - EC94¾ 95.05 (19Oc94)

Sterling Issues by Overseas Borrowers

Asian Development Bank 10¼% Ln Stk 2009(Reg) - £111.325 (18Oc94)
Australia(Commonwealth of) 9½% Ln Stk 2012(Reg) - £102⅞ (17Oc94)
Bank of Greece 10⅛% Ln Stk 2010(Reg) - £97⅞ (19Oc94)
Denmark(Kingdom of) 13% Ln Stk 2005 - £127 (19Oc94)
European Investment Bank 9% Ln Stk 2001 (Reg) - £100⅞ф
European Investment Bank 9½% Ln Stk 2009 - £104⅞ .925
European Investment Bank 10⅛% Ln Stk 2004(Reg) - £109 1/16 (14Oc94)
European Investment Bank 11% Ln Stk 2002(Reg) - £111 ¼ (19Oc94)
Hydro-Quebec 15% Ln Stk 2011 - £141‡
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £106 (18Oc94)
International Bank for Rec & Dev 11.5% Ln Stk 2003 - £114⅜ (19Oc94)
Malaysia 10¼% Ln Stk 2009(Reg) - £107⅞ (17Oc94)
New Zealand 11¼% Stk 2008(Reg) - £116¼ (17Oc94)
New Zealand 11½% Stk 2014(Reg) - £122 (19Oc94)
Sweden(Kingdom of) 9¼% Ln Stk 2014(Reg) - £103⅞
United Mexican States 16½% Ln Stk 2008(Br) - £138½

Listed Companies(excluding Investment Trusts)

AAH PLC 4.2% Cum Prf £1 - 57 (14Oc94)
ABF Investments PLC 5½% Uns Ln Stk 87/2002 50p - 37 (14Oc94)
ABF Investments PLC 7½% Uns Ln Stk 87/2002 50p - 43 (19Oc94)
ASH Capital Finance(Jersey)Ld 9½% Cnv Cap Bds 2006 (Reg Units 100p) - £71 3½ (19Oc94)
Aberdeen Trust PLC Wts to sub for Ord - 43 (17Oc94)
Albert Fisher Group PLC ADR (10:1) - $7.15 (17Oc94)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 65 9
Allied London Properties PLC 10% Cum Prf £1 - 107 (19Oc94)
Allied Domecq PLC ADR (1:1) - $9.54
Allied Domecq PLC 7½% Cum Prf £1 - 75 (17Oc94)
Allied Domecq PLC 11¾% Deb Stk 2009 - £119¾ (19Oc94)
Allied Domecq PLC 6¼% Uns Ln Stk - £83
Allied Domecq PLC 7¾% Uns Ln Stk 93/98 - £95
Allied-Lyons Financial Services PLC6¾% GtdCnvSubordBds2008 RegMult£1000 - £108½ .7 ¼ 9¼ .3 ½
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 68
American Brands Inc Shs of Com Stk $3.125 - $35⅝
Ameritech Corp Shs of Com Stk $1 - $39¾ф
Andrews Sykes Group PLC Cnv Prf 50p - 42 3½
Anglian Water PLC 5⅜% Index-Linked LnStk 2008(5.2576%) - £132
Anglo-Eastern Plantations PLC Warrants to sub for Ord - 22 (14Oc94)
Anglo-Eastern Plantations PLC 12½% Uns Ln Stk 95/99 - £95 (14Oc94)
Armour Trust PLC 10½% Uns Ln Stk 91/96 - £100 (18Oc94)
Asda Property Hldgs PLC 10 5/16% 1st Mtg Deb Stk 2011 - £101½ 2
Attwoods PLC ADR (5:1) - $9
Attwoods (Finance) NV 8½p Gtd Red Cnv Prf 5p - 88¼ ½ (19Oc94)
Automated Security(Hldgs) PLC 5% Cnv Cum Red Prf £1 - 65 (19Oc94)
Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 - 46 6
Automotive Products PLC 4.55% Cum 2nd Prf £1 - 60
B.A.T Industries PLC ADR (2:1) - $14.72 (19Oc94)
BET PLC ADR (4:1) - $6.87477ф
BM Group PLC 4.8p (Net) Cnv Cum Red Prf 20p - 66 7
BOC Group PLC ADR (1:1) - $11⅜
BOC Group PLC 12¼% Uns Ln Stk 2012/17 - £123⅞ 4
BTP PLC 7.5p(Net) Cnv Cum Red Prf 10p - 179
BTR PLC ADR (4:1) - $19⅝ 20.53 (19Oc94)
Bampton Property Group Ld 7¾% Uns Ln Stk(91/96) - £93 4
Bangkok Investments Ld Ptg Red Prf $0.01 - $139 (14Oc94)
Banner Homes Group PLC Ord 10p - 125⅛ (18Oc94)
Barclays PLC ADR (4:1) - $36.95ф
Barclays Bank PLC 12% Uns Cap Ln Stk 2010 - £117½ (17Oc94)
Barclays Bank PLC 16% Uns Cap Ln Stk 2002/07 - £134 (18Oc94)
Bardon Group PLC 7.25p (Net) Cnv Red Prf 25p - 88.96 9 (14Oc94)
Bardon Group PLC 3.85% Cum Prf £1 - 43 (19Oc94)
Bardon Group PLC 11.25p Cum Red Prf 2005 10p - 107½ (17Oc94)
Barings PLC 8% Cum 2nd Prf £1 - 94½ (19Oc94)
Barings PLC 9¾% Non-Cum Prf £1 - 113¼
Barnato Exploration Ld Ord R0.01 - $4⅞ FZ17 p 225 40 60 (18Oc94)
Barr & Wallace Arnold Trust PLC Ord 25p - 580 85 (19Oc94)
Bass PLC ADR (2:1) - $17¼ .28 (17Oc94)
Bass PLC 10⅜% Deb Stk 2016 - £112
Bass PLC 10.65% Deb Stk 96/99 - £103½ (14Oc94)
Bass PLC 4½% Uns Ln Stk 92/97 - £89½
Bass PLC 7¾% Uns Ln Stk 92/97 - £95
Bass Investments PLC 7⅞% Uns Ln Stk 92/97 - £96⅞ (18Oc94)
Bellway PLC 9.5% Cum Red Prf 2014 £1 - 108 (17Oc94)
Bergesen d-y AS "B" Non Vtg Shs NK2.5 - NK144 4 .15 .61
Birmingham Midshires Building Soc 9⅜% Perm Int Bearing Shs £1000 - £98¾ 7¼
Blackwood Hodge PLC 9% Cum Red Prf £1 - 43½ 4
Blue Circle Industries PLC ADR (1:1) - $4.84
Boddington Group PLC 9½% Uns Ln Stk 2000/05 - £90ф
Boots Co PLC ADR (2:1) - $17.18 (19Oc94)
Bradford & Bingley Building Society11⅝% Perm Int Bearing Shs £10000 - £111½
Bradford & Bingley Building Society13% Perm Int Bearing Shs £10000 - £122⅜ ¾ .8
Brent Walker Group PLC Wts to Sub for Ord - 1
Brent Walker Group PLC Var Rte 2nd Cnv Red Prf 2000/2007 £1 - 6 (18Oc94)
Brent Walker Group PLC 8.5% 3rd Non-Cum Cnv Red 2007/10 £1 - 2
Bristol Water PLC 8¾% Cum Irrd Prf £1 - 104¾ (19Oc94)
Bristol Water PLC 10.40% Red Deb Stk 2000/02 - £103 (17Oc94)
Bristol Water Hldgs PLC Ord £1 - 982
Bristol Water Hldgs PLC 6.75% Cum Cnv Red Prf 1998 Shs £1 - 192 (17Oc94)
Bristol & West Building Society 13⅜% Perm Int Bearing Shs £1000 - £123 ¼ ⅜ ½ 4⅜
Britannia Building Society 13% Perm Int Bearing Shs £1000 - £119¾ 20½
British Airways PLC ADR (10:1) - $62.4
British Alcan Aluminium PLC 10⅜% Deb Stk 2011 - £101½ .8
British-American Tobacco Co Ld 5% Cum Prf Stk £1 - 50 (19Oc94)
British-American Tobacco Co Ld 6% 2nd Cum Prf Stk £1 - 59½ (18Oc94)
British Petroleum Co PLC 8% Cum 1st Prf £1 - 79
British Petroleum Co PLC 9% Cum 2nd Prf £1 - 85 (19Oc94)
British Steel PLC ADR (10:1) - $15.839 $ 25¾ ⅞
British Steel PLC 11½% Deb Stk 2016 - £118⅛ (14Oc94)
Brixton Estate PLC 9.60% 1st Mtg Deb Stk 2026 - £100
Bulmer(H.P.)Hldgs PLC 8¾% 2nd Cum Prf £1 - 104 (19Oc94)
Bulmer(H.P.)Hldgs PLC 9½% Cum Prf £1 - 110 (17Oc94)
Bunzl PLC 7% Cnv Uns Ln Stk 95/97 - £104 5
Burmah Castrol PLC 7½% Cum Red Prf £1 - 66½
Burmah Castrol PLC 8% Cum Prf £1 - 73
Burton Group PLC 8% Cnv Uns Ln Stk 1996/2001 - £82½ ½ 3 4
Butte Mining PLC 10% (Net) Cnv Cum Red Prf 1994 10p - 3 (17Oc94)
Capital & Counties PLC 9⅞% 1st Mtg Deb Stk 2027 - £102⅞
Capital Strategy Fund Ld Ptg Red Prf $0.01(Japan Fund Shs) - Y678.8 (18Oc94)
Carlton Communications PLC ADR (2:1) - $27.15 .28 (17Oc94)
Carlton Communications PLC 7½% Cnv Subord Bds 2007(Reg £5000) - £130½ (18Oc94)
Caterpillar Inc Shs of Com Stk $1 - $55⅞ (19Oc94)
Centex Corporation Shs of Com Stk $0.25 - $23
Charnwood Alliance Hldgs Ld 7½% Uns Ln Stk 50p - 34½ (18Oc94)
Charnos PLC 7% Cum Prf £1 - 70 (18Oc94)
Chepstow Racecourse PLC Ord 25p - £8½ (19Oc94)
Clayhithe PLC 9.5% Subord Cnv Uns Ln Stk 2000/01 - £93
Cleveland Place Holdings PLC 3¾% Irrd Deb Stk - £39
Coastal Corporation Shs of Com Stk $0.33 1/3 - $27⅞ (14Oc94)
Coats Patons PLC 6¾% Uns Ln Stk 2002/07 - £90 (19Oc94)
Coats Viyella PLC 4.9% Cum Prf £1 - 62 3
Cohen(A.) & Co PLC Non.V "A" Ord 20p - 500 35
Commercial Union PLC 3.5% Cum Red Prf £1 - 65 (18Oc94)
Commercial Union PLC 8⅜% Cum Irrd Prf £1 - 97 ¼ ½
Commercial Union PLC 8¾% Cum Irrd Prf £1 - 104¼ ½
Co-Operative Bank PLC 9.25% Non-Cum Irrd Prf £1 - 103¾
Cooper (Frederick) PLC 6.5p (Net) Cnv Red Cum Ptg Prf 10p - 82 (18Oc94)
Courtaulds PLC ADR (1:1) - $7¼ (18Oc94)
Courtaulds PLC 5½% Uns Ln Stk 94/96 - £94½ (17Oc94)
Courtaulds PLC 7¾% Uns Ln Stk 2000/05 - £88
Coventry Building Society 12⅛% Perm Interest Bearing Shs £1000 - £112¼ 3¼
Daily Mail & General Trust PLC Ord 50p - £13.05ф
Delta PLC 3.15% Cum 2nd Prf £1 - 45
Delta PLC 10¾% Deb Stk 95/99 - £101 (14Oc94)
Dencora PLC 6.25% Cum Cnv Red Prf £1 - 109 (19Oc94)
Dewhirst Group PLC 9.75% Cum Prf £1 - 105
Dewhurst PLC Ord 10p - 88
Dover Corp Com Stk $1 - $56⅞ (18Oc94)
Ecclesiastical Insurance Office PLC10% Red 2nd Cum Prf £1 - 108 (19Oc94)
Eclipse Blinds PLC Ord 5p - 8 ½
El Oro Mining&Exploration Co PLC Ord 10p - 535
Elys(Wimbledon) PLC Ord 25p - £5 (14Oc94)
Elys(Wimbledon) PLC 9¼% Uns Ln Stk 95/99 - £100
Emess PLC 6.25p(Net) Cnv Cum Red Prf 5p - 71¼ 2
Ericsson(L.M.)(Telefonaktiebolaget)Ser B(Reg)SK10 - £37.8239 $ 61 SK399 432.726 .739 3.19 ¼ 4.217 .372 ½ ½ 5 5 .38 .808 6¼ ¼ ½ ½ .56 ¼ 7 7 .075 .3 ½ .7 8¼ ¼ .63 .97 9 .37 ½ ½ .779 40 40 ½ .8 1 .918 2 2
Essex and Suffolk Water PLC 10½% Deb Stk 94/96 - £98¾ (19Oc94)
Euro Disney S.C.A. Shs FR5 (Depository Receipts) - 80 1 5 8 90 3 5
Euro Disney S.C.A. Shs FR5 (Br) - $1.293 1⅜ FR8.68 .73 .74 ¾ .78 .79 .833333 .9 .9 7 .05 .1
Eurotunnel PLC/Eurotunnel SA Units (1 EPLC Ord 40p & 1 ESA FR10) (Br) - FR18.8 18.94 19.02 (14Oc94)
Eurotunnel PLC/Eurotunnel SA Units (Sicovam Inscribed) - FR16.1 .15 .163333 .2 .2 .3 .39 .4 .44 .45 .9
Eurotunnel PLC/Eurotunnel SA Fndr Wts(1EPLC & 1ESA WrttoSub forUnits) - 710
Ex-Lands PLC Warrants to sub for Shs - 22½ 3 (17Oc94)
Excalibur Group PLC 11.5% Cum Prf £1 - 107 (18Oc94)
Exploration Co PLC Ord Stk 5p - 240
Finlay(James)PLC 5% Cum 2nd Prf Stk £1 - 69 (14Oc94)
First Chicago Corp Com Stk $5 - $47½
First Debenture Finance PLC 11.125% Severally Gtd Deb Stk 2018 - £119.05 (19Oc94)
First National Building Society 11¾% Perm Int Bearing Shs £10000 - £99⅞ 100 100 ⅛ ‡ ¼
First National Finance Corp PLC 7% Cnv Cum Red Prf £1 - 129 9 30
Fisons PLC ADR (4:1) - $7¼ (18Oc94)
Fletcher Challenge Ld Ord $N0.50 - 158 (18Oc94)
Folkes Group PLC Ord 5p - 42 (19Oc94)
Forte PLC 9.1% Uns Ln Stk 95/2000 - £97 (18Oc94)
Fortnum & Mason PLC Ord Stk £1 - £66 (19Oc94)
Friendly Hotels PLC 4¾% Cnv Cum Red Prf £1 - 81½ (19Oc94)
Friendly Hotels PLC 7% Cnv Cum Red Prf £1 - 97 (19Oc94)
Fuller,Smith & Turner PLC 8% 2nd Cum Prf £1 - 91 (19Oc94)
GKN PLC ADR (1:1) - $9.99 (18Oc94)
GN Great Nordic Ld Shs DK100 - DK588.96ф 9.85ф
G.R.(Hldgs) PLC 10½% 2nd Cum Prf £1 - 90 (17Oc94)
G.T. Chile Growth Fund Ld Ord $0.01 - $34½ 35 35¼ 35½ 35¾ (19Oc94)
General Accident PLC 7⅞% Cum Irrd Prf £1 - 91¾ ⅞ 2
General Accident PLC 8⅞% Cum Irrd Prf £1 - 105¾ 6¼
General Electric Co PLC ADR (1:1) - $4.53 .54 (19Oc94)
Gestetner Hldgs PLC Ord Cap 25p - 125 (18Oc94)
Glynwed International PLC 7¾% Cum Prf £1 - 76 (19Oc94)
Goodhead Group PLC 7% Cnv Cum Red Prf £1 - 72 5 (19Oc94)
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 - £101½
Great Universal Stores PLC 6⅜% Red Uns Ln Stk - £88
Greenalls Group PLC 8% Cum Prf £1 - 97
Greenalls Group PLC 9⅛% Irrd Uns Ln Stk - £93½
Greenalls Group PLC 7% Cnv Subord Bds 2003 (Reg) - £103½
Guinness PLC ADR (5:1) - $37ф
Guinness Flight Global Strategy Fd Ptg Red Prf $0.01(U.K.Fund) - £28.29
HSBC Hldgs PLC Ord $H10 (Hong Kong Reg) - $H88.478365 9.129625 .15 ½ .5227 .648 .81385 .821622 .869635 90.09 .15 .2 .2 ¼ .3 .3 .4 .55
HSBC Hldgs PLC 11.69% Subord Bds 2002 (Reg) - £109⅜
HSBC Hldgs PLC 11.69% Subord Bds 2002 (Br £Var) - £109¼
Halifax Building Society 8¾% Perm Int Bearing Shs £50000 - £98 13/16
Halifax Building Society 12% Perm Int Bearing Shs £1 (Reg £50000) - £115½ ½ ¾
Hallin Holdings PLC Ord 5p - 83
Hall Engineering(Hldgs)PLC 5.55% Cum Prf £1 - 65
Halma PLC 11% Cum Prf £1 - 125 (19Oc94)
Hammerson PLC Ord 25p - 335 8 40 1 2
Hardys & Hansons PLC Ord 5p - 285 (14Oc94)
Hartlepools Water Co Ord Stk - £1550 (18Oc94)
Hasbro Inc Shs of Com Stk $0.50 - $30½ (17Oc94)
Hercules Inc Shs of Com Stk of NPV - $103½ф
Holmes Protection Group Inc Shs of Com Stk $0.25 - 21
Hopkinsons Group PLC 5.25% Cum Prf £1 - 70 (14Oc94)
IMI PLC 5½% Uns Ln Stk 2001/06 - £83
IS Himalayan Fund NV Ord FL0.01 - $17.23
Iceland Group PLC Cnv Cum Red Prf 20p - 131 3 4 ½ 5 6
Industrial Control Services Grp PLCOrd 10p - 123 5
Intl Stock Exchange of UK&Rep of IrLd 7¾% Mtg Deb Stk 90/95 - £99¼ (14Oc94)
Irish Life PLC Ord Ir£0.10 - Ir£1.88 1.9 p 187½
Jardine Matheson Hldgs Ld Ord $0.25 (Hong Kong Register) - $H63.823521 4.45 .515394
Jardine Strategic Hldgs Ld Ord $0.05 (Hong Kong Register) - £2.36 SH29.9 .923376 30.007655
Johnson & Firth Brown PLC 11.05% Cum Prf £1 - 93
Johnson Group Cleaners PLC 7.5p (Net) Cnv Cum Red Prf 10p - 127 8 30
Johnson Group Cleaners PLC 9% Cum Prf £1 - 90
Johnston Group PLC 10% Cum Prf £1 - 90 (19Oc94)
Jones,Stroud(Hldgs) PLC 10% Cum Prf £1 - 120 (18Oc94)
Korea-Europe Fund Ld Shs(IDR to Br) $0.10 (Cpn 7) - £4437½
Kvaerner A.S. Free A Shs NK12.50 - NK273.72 .92 4 7
Ladbroke Group PLC ADR (1:1) - $2.58
Land Securities PLC 9% 1st Mtg Deb Stk 96/2001 - £100½
LASMO PLC 10⅜% Deb Stk 2009 - £104
Lebowa Platinum Mines Ld Ord R0.01 - 80 (19Oc94)
Leeds & Holbeck Building Society 13⅜% Perm Int Bearing Shs £1000 - £122½ ¾
Leeds Permanent Building Society 13⅝% Perm Int Bearing £50000 - £130 (19Oc94)
Lewis(John) PLC 5% 1st Cum Prf Stk £1 - 57
Lewis(John)Partnership PLC 5% Cum Prf Stk £1 - 56 (18Oc94)
Lex Service PLC 6½% Cum Prf £1 - 60 (19Oc94)
Liberty PLC 9.5% Cum Prf £1 - 112
Lionheart PLC Cnv Cum Red Prf 20p - 58 63 (19Oc94)
Lister & Co PLC 5% Prf(Cum)£1 - 51 (14Oc94)
London International Group PLC ADR (5:1) - $6⅞ (14Oc94)
London Securities PLC Ord 1p - 2½ 3¼
Lonrho PLC ADR (1:1) - $2.14 .15 (19Oc94)
Lonrho PLC 10¼% 1st Mtg Deb Stk 97/2002 - £102
MEPC PLC 9¼% 1st Mtg Deb Stk 97/2002 - £99 (19Oc94)
MEPC PLC 8% Uns Ln Stk 2000/05 - £94 (19Oc94)
McCarthy & Stone PLC 8.75% Cum Red Prf 2003 £1 - 84
McCarthy & Stone PLC 7% Cnv Uns Ln Stk 99/04 - £57
McInerney Properties PLC "A" Ord Ir£01.10 - I£0.06 (14Oc94)
Marks & Spencer PLC ADR (6:1) - $41.3 (17Oc94)
Medeva PLC ADR (4:1) - $10½
Menzies(John) PLC 9% Cum Prf £1 - 98 (19Oc94)
Merchant Retail Group PLC 6¾% Cnv Uns Ln Stk 99/04 - £80
Mercury International Inv Trust Ld Ptg Red Prf 1p (Reserve Fund) - £50.46 .4881 (17Oc94)
Mersey Docks & Harbour Co 6¾% Red Deb Stk 96/99 - £90 (17Oc94)
Mersey Docks & Harbour Co 3⅞% Irrd Deb Stk - £34
Midland Bank PLC 14% Subord Uns Ln Stk 2002/07 - £122¼ (18Oc94)
Mitel Corporation Com Shs of NPV - £2⅝ (14Oc94)
More O'Ferrall PLC 10% 2nd Cum Prf £1 - 120 (18Oc94)
Mucklow(A.& J.)Group PLC 7% Cum Prf £1 - 65
NEC Finance PLC 10⅝% Deb Stk 2016 - £114 13/32 (18Oc94)
NEC Finance PLC 13⅝% Deb Stk 2016 - £141¾ 2⅜ (19Oc94)
NFC PLC 7¾% Cnv Bds 2007(Reg) - £88½ 9½ ¾
National Medical Enterprises Inc Shs of Com Stk $0.05 - $14½
National Power PLC ADR (10:1) - $79½
National Westminster Bank PLC 9% Non-Cum Stg Prf Sers "A" £1 - 103¼ ½ ½
National Westminster Bank PLC 12½% Subord Uns Ln Stk 2004 - £118½ (18Oc94)
New Brunswick Railway Co Perp 4% Cons Deb Stk(Int Gtd by C.P.) - £39 (19Oc94)
Newcastle Building Society 12⅝% Perm Interest Bearing Shs £1000 - £115¾ 6
Newton,Chambers & Co Ld 3.5% (Fmly 5%) 1st Cum Prf £1 - 65
North Housing Association Ld 8¾% Gtd Ln Stk 2037 - £95 [illegible]
Northern Foods PLC 6¼% Cnv Subord Bds 2008 (Reg) - £87⅞ ¾
Northern Foods PLC 6¼% Cnv Subord Bds 2008 (Br £ Var) - £85¾ 86 (19Oc94)
Northern Rock Building Society 12⅝% Perm Int Bearing Shs £1000 - £117 8½
Ontario & Quebec Railway Co 5% Perm Deb Stk(Int Gtd by C.P.) - £50 50
Orbis PLC Ord 10p - 24 4 (18Oc94)
P & O Property Holdings Ld 8% Uns Ln Stk 97/99 - £90 (14Oc94)
PSIT PLC 8% Cum Prf £1 - 98
Pacific Gas & Electric Co Shs of Com Stk $5 - $22⅞ (19Oc94)
Panther Securities PLC Wts to sub for Ord - 11 (17Oc94)
Parkland Group PLC Ord 25p - 172 (18Oc94)
Paterson Zochonis PLC 10% Cum Prf £1 - 110
Peel Hldgs PLC 5.25% (Net) Cnv Cum Non-Vtg Prf £1 - 93
Peel South East PLC 8¼% Uns Ln Stk 87/97 - £95 (17Oc94)
Peel South East Ld 10% 1st Mtg Deb Stk 2026 - £97
Perkins Foods PLC 8p(Net) Cum Cnv Red Prf 10p - 89½ (19Oc94)
Petrofina S.A. Ord Shs NPV (Br in Denom 1.5 & 10) - BF9450 518 36 50 4 62 75
PEX Group PLC 3.5% Cum Prf £1 - 26 (17Oc94)
Pittards PLC 9½% Cum Prf £1 - 87 (14Oc94)
Plantation & General Invs PLC 9½% Cum Red Prf £1 - 90 (17Oc94)
Pokphand (C.P.) Co Ld Shs $0.05 (Hong Kong Registered) - $H2.127272 (18Oc94)
Portsmouth Water PLC 10⅝% Red Deb Stk 1996 - £103 (19Oc94)
Potgietersrust Platinums Ld Ord R0.025 - 580
Powell Duffryn PLC 4¾% Cum Prf 50p - 24 (18Oc94)
PowerGen PLC ADR (10:1) - $90.66 91
Premier Health Group PLC Ord 1p - 1½ 2
Pressac Holdings PLC 10.5% Cum Prf £1 - 110ф
Prudential Currency Fund Ld Ptg "C" Red Prf 1p - 324.2 (19Oc94)
Quarto Group Inc 8.75p(Net) CnvCumRedShs of Pfd Stk $0.10 - 150 (17Oc94)
Quicks Group PLC 10% Cum Prf £1 - 117 (14Oc94)
R.E.A.Hldgs PLC 9% Cum Prf £1 - 85
RPH Ld 4½% Uns Ln Stk 2004/09 - £33
RPH Ld 9% Uns Ln Stk 99/2004 - £93
RTZ Corporation PLC 3.325% "A" Cum Prf £1 - 48 (14Oc94)
RTZ Corporation PLC 3.5% "B" Cum Prf £1(Br) (Cpn 65) - 54 (19Oc94)
Racal Electronics PLC ADR (2:1) - $7.84
Rank Organisation PLC ADR (2:1) - $8.2 (17Oc94)
Reckitt & Colman PLC 5% Cum Prf £1 - 53 4
Reed International PLC 4.9% (Fmly 7%) Cum Prf £1 - 71 (19Oc94)
Regis Property Hldgs PLC 8¾% Gtd Uns Ln Stk 1997 - £96½ (18Oc94)
Renold PLC 6% Cum Prf Stk £1 - 56
Retail Corporation PLC 4.55% (Fmly 6½%) Cum 3rd Prf £1 - 60 (18Oc94)
Rohr Inc Shs of Com Stk $1 - $9½ (19Oc94)
Rolls-Royce Power Engineering PLC 11% Cum Prf £1 - 120
Royal Bank of Canada N.American Fd Ld Ptg Red Prf $0.01 - $22.486
Royal Bank of Scotland Group PLC 11% Cum Prf £1 - 108 10 1 (19Oc94)
Rugby Group PLC 6% Uns Ln Stk 93/98 - £88 (19Oc94)
SCEcorp Shs of Com Stk of NPV - $13½
Saatchi & Saatchi Co PLC ADR (3:1) - $7.55
Saatchi & Saatchi Co PLC 6% Cnv Uns Ln Stk 2015 - £74 (19Oc94)
Sainsbury(J) PLC 8% Irrd Uns Ln Stk - £81
Scantronic Hldgs PLC 7.25p (Net) Cnv Cum Red Prf 20p - 41 (19Oc94)
Scholl PLC 8⅞% Cum Red Prf 2001/05 £1 - 86 (14Oc94)
Scholl PLC 5¼% Cnv Cum Red Prf 2006/11 £1 - 81 2 (14Oc94)
Scottish & Newcastle PLC 6.425% Cum Prf £1 - 85 (17Oc94)
Scottish & Newcastle PLC 7% Cnv Cum Prf £1 - 222ф
Shell Transport&TradingCo PLC Ord Shs (Br) 25p (Cpn 193) - 725 8 (14Oc94)
Shell Transport&TradingCo PLC 5½% 1st Prf(Cum)£1 - 60 (19Oc94)
Shield Group PLC Ord 5p - 5½ (19Oc94)
Shoprite Finance (UK) PLC 7.875p(Net) Cum Red Prf Shs 2009 - 22½
Sidlaw Group PLC 7½% Uns Ln Stk 2003/08 - £81 (19Oc94)
Simon Engineering PLC 7.75% Cum Red Prf 92/97 £1 - 85 (19Oc94)
600 Group PLC 11% Uns Ln Stk 92/97 - £39 (18Oc94)
Skipton Building Society 12⅞% Perm Int Bearing Shs £1000 - £118⅛ 9 ⅛
Smith New Court PLC 12% Subord Uns Ln Stk 2001 - £102 (18Oc94)
Smith (W.H.) Group PLC 5⅛% Red Uns Ln Stk - £53 (19Oc94)
SmithKline Beecham PLC ADR (5:1) - £20.5462ф $ 33.52ф .53ф
SmithKline Beecham PLC/SmithKline ADR (5:1) - $30¼ ¾ 1
Stag Furniture Hldgs PLC 11% Cum Prf £1 - 97
Standard Chartered PLC 12⅞% Subord Uns Ln Stk 2002/07 - £113¼ф
Stavert Zigomala PLC Ord Stk 20p - £7.35ф
Swan(John) & Sons PLC Ord 25p - 420
Swire(John) & Sons Ld 6.3% Cum Prf £1 - 73½ (18Oc94)
Symonds Engineering PLC Ord 5p - 31 (19Oc94)
TSB Gilt Fund Ld Ptg Red Prf 1p(Class"A" Ptg Red Prf) - 103.33 (18Oc94)
TSB Group PLC 10⅝% Subord Ln Stk 2008 - £107¼ ½
TSB Offshore Inv Fund Ld Ptg Red Prf 1p(European Class) - 180.94ф
TSB Offshore Inv Fund Ld Ptg Red Prf 1p(Far Eastern Class) - 248.37
Tate & Lyle PLC ADR (4:1) - £17.2614 (18Oc94)
Tate & Lyle PLC 6½%(4.55% plus tax credit)Cum Prf £1 - 66 (17Oc94)
Tate & Lyle PLC 8% Uns Ln Stk 2003/08 - £96 (18Oc94)
Tesco PLC ADR (1:1) - $3.7
Tesco PLC 4% Uns Deep Disc Ln Stk 2006 - £62½ф
Thai Investment Fund Ld Ptg Red Pfd $0.01 - $22.49
THORN EMI PLC ADR (1:1) - $16.2 (19Oc94)
Tops Estates PLC Wts to sub for Ord - 20 (18Oc94)
Trafalgar House PLC 8% Uns Ln Stk 94/99 - £89 (19Oc94)
Trafalgar House PLC 9½% Uns Ln Stk 2000/05 - £90 (18Oc94)
Transatlantic Holdings PLC B 6% Cnv Prf £1 - 91 2 (19Oc94)
Transport Development Group PLC 8¼% Uns Ln Stk 93/98 - £95 (17Oc94)
Unigate PLC ADR (1:1) - $5.69 (19Oc94)
Unigate PLC 6½% Uns Ln Stk 91/96 - £94 (14Oc94)
Unilever PLC ADR (4:1) - $74⅛ (18Oc94)
Union International Co PLC 6% Cum Prf Stk £1 - 39 (19Oc94)
Union International Co PLC 7% Cum Prf Stk £1 - 45 (18Oc94)
Unisys Corp Com Stk $0.01 - $10⅞
United Kingdom Property Co PLC 8½% Uns Ln Stk 2000/05 - £88¼ (13Oc94)
United Plantations Africa Ld Ord R0.50 - £0.18 0.18
Value & Income Trust PLC Warrants 89/94 to sub for Ord - 48 (14Oc94)
Vaux Group PLC 9.875% Deb Stk 2015 - £105½ (18Oc94)
Vaux Group PLC 10.75% Deb Stk 2019 - £113.2 .3
Vickers PLC 5% Prf(Non-Cum)Stk £1 - 43 (17Oc94)
Vickers PLC 5% Cum(Tax Free To 30p)Prf Stk £1 - 62 (19Oc94)
Vodafone Group PLC ADR(10:1) - $32¾ 3 ¼ ¼ .36 .373888 ⅜ ⅜ .498883 ⅝
Wagon Industrial Hldgs PLC 7.25p (Net) Cnv Ptg Prf 10p - 143 (18Oc94)
Walker(Thomas) PLC Ord 5p - 27
Warburg (S.G.) Group PLC 7⅝% Cum Prf £1 - 88½
Wellcome PLC ADR (1:1) - $9.63 $ 10.7396 (18Oc94)
Wells Fargo & Company Shs of Com Stk $5 - $148⅞
Wembley PLC 6p(Net)Cnv Cum Red Prf 1999 £1 - 59 60
Whitbread PLC 4½% 1st Cum Prf Stk £1 - 52 (17Oc94)
Whitbread PLC 7% 3rd Cum Prf Stk £1 - 70
Whitbread PLC 7¼% Uns Ln Stk 95/99 - £91 ¼ ½ 3¼ (18Oc94)
Whitbread PLC 7¾% Uns Ln Stk 98/2000 - £94 (14Oc94)
Whitbread PLC 9% Uns Ln Stk 97/2001 - £99½ (19Oc94)
Whitbread PLC 10½% Uns Ln Stk 2000/05 - £105½
Whitecroft PLC 5.1% Cum Prf £1 - 54 (19Oc94)
Willis Corroon Group PLC ADR (5:1) - £12.35ф
Wrexham Water PLC 3½% Cons Deb Stk - £35 (18Oc94)
Xerox Corp Com Stk $1 - $111⅛
Yorkshire-Tyne Tees TV Hldgs PLC Wts to sub for Ord - 227 30
Young & Co's Brewery PLC 9% Cum Prf £1 - 105 (18Oc94)
Yule Catto & Co PLC 11½% Cum Red Prf 1998/2003 £1 - 105 (14Oc94)
Zambia Consolidated Copper Mines Ld"B" Ord K10 - 200

Investment Trusts

Baillie Gifford Japan Trust PLC Wts to Sub Ord Shs - 100 (18Oc94)
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord - 125 (14Oc94)
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord 2005 - 76 (17Oc94)
Bankers Investment Trust PLC 4% Perp Deb Stk - £40 (17Oc94)
Barcnamead Investments Trust PLC Wts to sub for Ord - 22 (19Oc94)
British Assets Trust PLC Equities Index ULS 2005 10p - 156ф
British Empire Sec & General Trust 10⅜% Deb Stk 2011 - £108½ (18Oc94)
Capital Gearing Trust PLC Ord 25p - 457 65 (18Oc94)
Clemente Korea Emerging Growth FundShs $10 (Reg Lux) - $13½ (17Oc94)
Danae Investment Trust PLC Wts to Subscribe for 1 Inc & 1 Cap - 60
Drayton English & Int Trust PLC 3.85% (Fmly 5½%) Cum Prf £1 - 56 (18Oc94)
Finsbury Smaller Co's Trust PLC Zero Div Prf 25p - 178½ 9
Fleming Claverhouse Inv Trust PLC 11% Deb Stk 2008 - £112⅞
Fleming Mercantile Inv Trust PLC 4¼% Perp Deb Stk - £41½ (17Oc94)
Gartmore British Inc & Grth Tst PLCZero Dividend Prf 10p - 100½ 1
Gartmore Shared Equity Trust PLC Geared Ord Inc 10p - 101 4
Govett Oriental Inv Trust PLC 5% Cum Prf Stk - £49
HTR Japanese Smaller Co's Trust PLCOrd 25p - 101 ½ 2½ .55 3 3
Investors Capital Trust PLC 5¼% Cum Prf Stk - £54 (17Oc94)
JF Fledgeling Japan Ld Warrants to sub for Ord - 51
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Active Fund - £14 14.04 (14Oc94)
Lazard Select Investment Trust Ld Ptg Red Prf 0.1p U.K. Liquid Assets Fund - £10ф
London & St Lawrence Investment PLCOrd 5p - 153 (17Oc94)
Merchants Trust PLC 3.65% Cum Prf Stk £1 - 52 (19Oc94)
MorganGrenfellLatinAmerCo's Tst PLCWts to sub for Ord - 60
New Throgmorton Trust(1983) PLC 12.6% Deb Stk 2008 - £120
Northern Indust Improv Trust PLC Ord £1 - 500
Paribas French Investment Trust PLCSers "B" Warrants to sub for Ord - 19
Rights and Issues Inv Trust PLC 5½% Cum Prf £1 - 80
Scottish Eastern Inv Trust PLC 4½% Cum Prf Stk - £46 (17Oc94)
Scottish Eastern Inv Trust PLC 9¼% Deb Stk 2020 - £105½ (17Oc94)
Scottish Investment Trust PLC 3.5% Cum Pfd Stk - £90 (17Oc94)
Scottish Investment Trust PLC 4¼% Perp Deb Stk - £42½ (14Oc94)
Scottish National Trust PLC 10% Deb Stk 2011 - £104 (17Oc94)
Sphere Investment Trust PLC Revised Warrants to sub for Ord - 4½
TR City of London Trust PLC 10¼% Deb Stk 2020 - £109½ (17Oc94)
Temple Bar Investment Trust PLC 7% Cum Prf Stk £1 - 73
Wigmore Property Investment Tst PLCWts to Sub for Ord - 28 9
Witan Investment Co PLC 8% Deb Stk 90/99 - £98 (17Oc94)
Witan Investment Co PLC 8½% Deb Stk 2016 - £93

Miscellaneous Warrants

Paribas Capital Markets Group Ld Srs D Put Wts Rltg FTSE100Index 20/11/95 - £20.49ф

USM Appendix

BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 88 (14Oc94)
Dakota Group PLC Ord Ir£0.25 - I£0.21 (19Oc94)
Eidos PLC Ord 10p - 330
Gibbs Mew PLC Ord 25p - 447 57
Midland & Scottish Resources PLC Ord 10p - 2 (18Oc94)
Reflex Group PLC Ord Ir£0.05 - 28 (19Oc94)
Total Systems PLC Ord 5p - 38
United Energy PLC Wts to sub for Ord - 3 (18Oc94)

Rule 4.2(a)

Adnams & Co PLC "B" Ord £1 - £27
Advanced Media Systems PLC Ord £1 - £1½ 1.51 (19Oc94)
African Gold PLC Ord 1p - £0.0325
Ann Street Brewery Co Ld Ord £1 - £4
Amos Village Ld Ord 10p - £0.3 (18Oc94)
Arsenal Football Club PLC Ord £1 - £475 (18Oc94)
Ascot Hldgs PLC Var Rate Cnv Cum Red Prf 10p - £0.025 (17Oc94)
Assured Care Centres PLC Ord 50p - £0.53 0.545 (18Oc94)
Aston Villa Football Club PLC Ord £5(1 vote) - £100 (19Oc94)
Azure Group PLC Ord 10p - £0.26
Azure Group PLC New Ord 10p(Nil Pd-28/10/94) - £0.065 (14Oc94)
Barclays Investment Fund(C.I.) Sterling Bd Fd - £0.428 (17Oc94)
Bell Court Fund Management PLC Ord 10p - £1.65 1.7 (18Oc94)
Bison Industrial Group PLC Ord 1p - £0.09
Brancote Holdings PLC Ord 5p - £0.42 0.48 (17Oc94)
Brockbank Group PLC Ord 10p - £2 (17Oc94)
Colthaven PLC Ord 5p - £0.0925 (14Oc94)
Cavenham PLC Ord 1p - £0.1 0.105
Channel Islands Coms (TV) Ld Ord 5p - £0.55 0.55
Charinco/Charishare Charinco Distr - £1.654 (17Oc94)
D.B.S.Management PLC Ord 10p - £2.8фф
Dawson Hldgs PLC Ord 10p - £5.05 5.1
De Gruchy (Abraham) Co Ltd Ord 20p - £1.18 (19Oc94)
Elliot (B.) PLC 7.5% (Net) Cnv Cum Red Prf £1 - £1.15 (19Oc94)
English Churches Housing Group Ld 2½% Ln Stk - £12 (17Oc94)
Exchem PLC Ord 50p - £2.1 (18Oc94)
Foxcast Broadcast Corporation PLC Ord 5p - £0.55 0.565
Formscan International Group PLC Ord 1p - £0.45 (17Oc94)
Francistown Min&Ex(Jersey)Ld Ord $0.01 - $2⅝ (19Oc94)
Gale (George) & Co Ld Ord £1 - £9¾
Gander Holdings PLC Ord 1p - £0.07
Guernsey Gas Light Co Ld Ord 10p - £1.05
Guernsey Press Co Ld Ord 10p - £1.9 1.93 (17Oc94)
Hydro Hotel Eastbourne PLC Ord £1 - £4.85 (18Oc94)
ITS Group PLC Ord £1 - £0.4 (14Oc94)
Jennings Bros Ld Ord 25p - £2
Just Group PLC Ord 1p - £0.0325
Kleinwort Benson(Intl) Fund Man KB Gilt Fund - £13.93ф
Kleinwort Benson(Intl) Fund Man Intl Equity Gwth Inc - £2.66755 (17Oc94)
Lancashire Enterprises PLC Ord 5p - £1.7
Lawrence PLC Ord 10p - £1.7 (19Oc94)
Le Riche's Stores Ld Ord £1 - £7.85 (18Oc94)
Leisuretime Inns PLC Ord 5p - £0.07 0.09
Liverpool FC & Athletic Grounds PLCOrd £5 - £550 (17Oc94)
London Fiduciary Trust PLC Ord 1p - £0.05
Mars & Overseas PLC Ord 5p - £0.0725 (14Oc94)
Marine & Mercantile Securities PLC Ord Ir£0.70 - £1.35
N.W.F. Ld Ord £1 - £8 (19Oc94)
National Parking Corp Ld Ord 10p - £5½ 6 (18Oc94)
OmniMedia PLC Ord 5p - £0.5075 0.51 0.52 0.5225 (17Oc94)
Pacific Media PLC Ord 1p - ¼ ⅜
Pan Andean Resources PLC Ord 1p - £0.0525 (17Oc94)
Perpetual(Jersey) Offshore Emerging Co's - $8.9843 (14Oc94)
Perpetual(Jersey) Offshore UK Growth - $3.0266 (17Oc94)
Rangers Football Club PLC Ord 10p - £0.35 (19Oc94)
Schroder Management Services(Guern)Schroder European Bond - £6.722035
Select Industries PLC New Ord 7½p (5p Pd) - £0.03
Severn Valley Railway(Hldgs)PLC Ord £1 - £6¼ (17Oc94)
Shepherd Neame Ld "A" Ord £1 - £6.9
South Green Hldgs PLC Ord 1p - £0.01 0.0125 (18Oc94)
Southern Newspapers PLC Ord £1 - £4.41
Southern Vectis PLC Ord 10p - £6¼ф
Thwaites(Daniel)& Co PLC Ord 25p - £2.7 (14Oc94)
Titaghur PLC Ord 5p - £0.075 0.085 0.095 0.1
Tracker Network PLC Ord £1 - £10.2 10.3
Transense Technologies PLC Ord 1p - £0½ (18Oc94)
Unimed PLC Ord Ir£0.25 - £1.61
VDC PLC Ord £1 - £3.9 (18Oc94)
Vista Entertainments PLC Ord 5p - £0.0075
Wadworth & Co 10% Cum Prf £1 - £1.05 1.07
Warburg Asset Management Jersey Mercury Intl Gold & General Fd - $2.09
Wedderburn Securities PLC Ord 5p - £0.14 (17Oc94)
Westabix Ld "A" Non.V Ord 25p - £16½
Winchester Multi Media PLC Ord 5p - £0.59
Wynnstay Properties PLC 25p - £1¼
Yeates Group PLC Ord 10p - £3.65 (18Oc94)
Young Group PLC Ord 10p - £0.0225 (19Oc94)

RULE 2.1 (a)(v)

Bargains marked in securities (not falling within Rule 2.1 (a)(i)) where the pricipal market is outside the UK and Republic of Ireland .

Bank East Asia HS33½(14.10)
Churchill Res 10(17.10)
City Developments S$8.70(17.10)
Dainippon Screen Man Y794.0(19.10)
Devex A$0.681(14.10)
Gen Secs Inv S$1.95224(17.10)
Goldrim Mining Aust. 25(17.10)
Haoma Nth Wst 18½,A$0.367(17.10)
Hunter Resources A$0.525(14.10)
Malayan Cement RM4.391896,4.414086(17.10)
Nat Electronics Hldgs 4.5(18.10)
Nth Flinders Mines 385(14.10)
Oil Search 42.0(20.10)
Petroleum Sec Aust. A$1.785(14.10)
Polaris Res Inc $42.10(14.10)
Regal Hotel Hldgs 5(19.10)
Selangor Coconuts M$5.576(19.10)
Selangor Properties M$3.37(19.10)
Storer Comms SK438.0(20.10)

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FINANCIAL TIMES MAGAZINES

LONDON STOCK EXCHANGE

MARKET REPORT

Dollar weakness takes toll of blue chip stocks

By Terry Byland,
UK Stock Market Editor

Concern over the US dollar dominated the London stock market yesterday, as City analysts began to count the cost to profits of British companies of the latest slide in the US currency. Developments closer to home, including the latest UK gross domestic product numbers and the increase in M3 money supply figures for Germany, while not helpful, were pushed to one side.

A further setback was suffered when US bond yield moved above 8 per cent in early trading yesterday. However, trading volume was not heavy and the shares rallied quickly in London when Federal bonds steadied late in the UK trading session.

The worst of the day saw the FT-SE 100 Share Index fall 46.8 to within 17 points of 3,000. The rally towards the close took the FT-SE 100 Index to 3,032.8 for a net loss on the session of 30.4.

Marketmakers were quicker yesterday to mark down share prices across the full range of the market. The FT-SE Mid 250 Index, which had performed better than the FT-SE 100 Index earlier in the week, dropped by 22.5 points to 3,502.4. Business in non-Footsie stocks increased to make up around 62 per cent of the day's total. Private investors, who favour Mid 250 stocks, have backed away from buying in London this week but appeared to turn sellers yesterday.

The UK stock market has fallen by around 2.4 per cent this week, largely in response to the dollar's setback. City analysts calculate that around one fifth of aggregate profits of the FT-SE 100 listed companies are in dollar form, and would be hit merely by translation into sterling.

In addition, some analysts stress the danger that the US Federal Reserve may be forced to protect the dollar by raising key interest rates. The sharp jump in its business index disclosed on Thursday by the Federal Bank of Philadelphia appeared to signal serious inflationary pressures and has focused attention on the statistics on third quarter US GDP due next Friday. Any rise in rates in the US would increase pressure for similar moves in Europe.

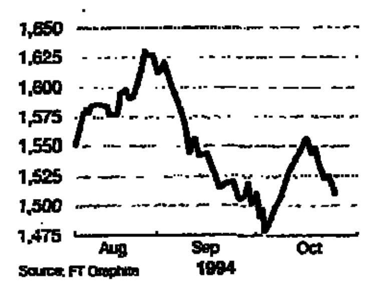
The fall overnight in both the US currency and bond prices hit British government bonds at the opening. Gilts eased afresh when a gain of 7.7 per cent in German M3 money supply for the September quarter was announced, and brought further weakness in German bonds. The 0.7 per cent rise in UK GDP was not far from forecasts but tended to confirm views that recovery in the domestic economy might be softening.

Long-dated UK government bonds extended early losses to show falls ranging to around ¾, with the shorts also easier. By the close of trading when London was responding to a rally in US markets, losses in UK long gilts had been trimmed to $\frac{1}{32}$, with the shorts ¼ off.

Equity business was slow to develop yesterday morning, and the opening fall of nearly 14 points on the Footsie reflected marking down operations rather than selling pressure. Further falls in the index were invariably prompted by sudden plunges in the stock index futures. This in turn prompted deals in the underlying equities and Seaq volume increased to show a final total for the day of 516.2m shares, some 9 per cent up on the previous session.

The London market was subdued at the close when dealers admitted that the near-term outlook for UK equities now depends on the dollar. Suggestions that the Federal Reserve might have intervened to help the US currency yesterday afternoon were left unconfirmed in UK stock market hours. City analysts have begun to identify London stocks where profits are thought to be vulnerable to further weakness in the dollar. There have also been signs that investors are moving towards domestically-orientated stocks, with the UK banking sector attracting buyers.

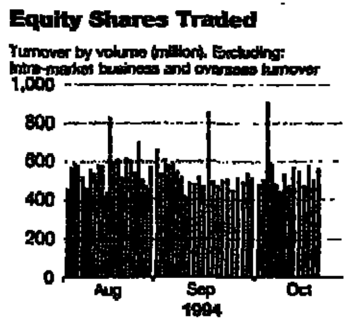
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios		
FT-SE Mid 250	3502.4	-22.5
FT-SE-A 350	1524.6	-14.1
FT-SE-A All-Share	1512.29	-13.29
FT-SE-A All-Share yield	3.97	(3.94)
FT Ordinary Index	2333.7	-22.5
FT-SE-A Non Fins p/e	18.60	(18.74)
FT-SE 100 Fut Dec	3042.0	-31.0
10 yr Gilt yield	8.73	(8.73)
Long gilt/equity yld ratio:	2.21	(2.22)

FT-SE 100 Index	
Closing index for Oct 21	3032.8
Change over week	-73.9
Oct 20	3063.2
Oct 19	3060.8
Oct 18	3085.3
Oct 17	3120.2
High*	3132.7
Low*	3016.4

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
3i†	498	319		Lonrho	1,700	132	-2
ASDA Group†	7,300	83½	+1	Lucas	2,700	184	-1
Abbey National†	1,700	406	-6	MEPC†	728	428	-2
Albert Fisher	3,700	44		MFI	122	140	-2
Allied Domecq†	2,300	576	-13	Manweb	30	778	+4
Anglian Water	1,100	548	-7	Marks & Spencer†	3,700	421	-3
Argos	787	329	-1	Midlands Elect.	728	728	-3
Argyll Group†	3,400	287	-3	Morrison (Wm.)	27	135	
Arjo Wiggins†	1,100	245	-1	NFC	112	177	-1
Assoc. Brit. Foods†	118	530	+1	NatWest Bank†	1,500	489	-9
Assoc. Brit. Ports	1,500	280	+4	National Power†	2,200	482	-3
BAA†	1,800	501	-7	Next	784	245	-2
BAT Inds.†	3,900	428	-12	North West Water†	645	547	-14
BET	865	105	-½	Northern Elect.	748	772	+15
BICC	942	346	-2	Northern Foods†	1,000	199	-3
BOC†	946	871	-12	Norweb	182	782	+2
BP†	5,700	406	+5	Pearson†	508	600	-9
BPB Inds.	400	310	-4	P & O†	1,200	595	-8
BT†	4,600	383½	-6½	Pilkington	1,500	180	-1
BTR†	2,700	307	-1	PowerGen†	1,300	562	-2
Bank of Scotland†	2,000	200	-6½	Prudential†	3,100	303	-6½
Barclays†	3,300	572	+2	RMC†	538	978	-1
Bass†	546	534	-7	RTZ†	3,700	862	-6
Blue Circle†	2,200	284	-3	Racal	883	245	
Booker	107	408	-3	Rank Org.†	661	413	-3
Boots†	308	532		Reckitt & Colman†	2,100	579	-9
Bowater†	1,100	443	-8	Redland†	2,200	484	-5
Brit. Aerospace†	884	470	-10	Reed Intl.†	424	744	-9
British Airways†	2,100	377	-5	Rentokil†	218	227	-2
British Gas†	5,900	283½	-3½	Reuters†	4,100	459	-6
British Land	410	393	-8	Rolls Royce†	2,500	174	-3
British Steel†	8,200	158¼	-¼	Ryl Bk Scotland†	1,100	420	-6
Bunzl	137	162		Royal Insurance†	2,600	275	-7
Burmah Castrol†	583	848	+2	Sainsbury†	844	385	-2
Burton	4,300	87		Schroders†	24	1363	+8
Cable & Wire†	3,700	401	-6	Scottish & New.†	638	515	-4
Cadbury Schweppes†	2,800	439	-4	Scot. Hydro-Elect.	1,500	325	
Caradon†	383	273	-1	Scottish Power†	2,000	349	-6
Carlton Comms.†	981	826	-1	Sears†	3,800	107½	-½
Coats Viyella	1,500	197	-7	Sedgwick	1,300	152	-3
Comm. Union†	1,500	827	-5	Seeboard	1,300	400	+2
Cookson	632	235	-6	Severn Trent†	993	560	-12
Courtaulds†	513	439	-4	Shell Transport†	2,100	701	-6
Dalgety	45	428	+3	Siebe†	1,600	515	-11
De La Rue†	583	992	-1	Slough Ests	686	223	-2½
Dixons	1,800	194		Smith (W.H.)	1,100	456	+2
Eastern Elect.†	80	737	-2	Smith & Nephew†	1,300	142½	-1
East Midland Elect.	633	711	+8	SmKl Beecham†	4,000	419½	-1½
Electrocomps	106	474	-1	SmKl Beecham Uts.†	1,400	382	
Eng China Clays	819	350	-4	Smiths Inds.	404	453	+2
Enterprise Oil†	400	375	-6	Southern Elect.†	796	726	-3
Eurotunnel Units	2,800	209	+10	South Wales Elect.	206	786	+1
FKI	1,000	163½	-4½	South West Water	181	529	-4
Fisons	2,300	118	+2	South West. Elect.	501	728	+8
Foreign & Col. I.T.	422	134½	-1	Southern Water	143	585	-13
Forte†	2,000	283½	-1½	Standard Chartd.†	4,300	279	+2
Gen. Accident†	1,400	557	-8	Storehouse	1,100	218	-1
General Elect.†	2,400	280	-2	Sun Alliance†	1,800	325	-8
Glaxo†	2,100	589	-1	T&N	805	217½	-1½
Glynwed	28	336	-2	TI Group†	974	359	-6
Granada†	1,700	507	-7	TSB†	1,800	221	-3½
Grand Met.†	1,400	404	-11	Tarmac	4,800	126	-1
GUS†	810	560	-3	Tate & Lyle	2,000	419	-8
GRE†	874	188	-2	Taylor Woodrow	2,300	121	+5
GKN†	1,600	608	-3	Tesco†	1,800	234	
Guinness†	1,400	481	-3	Thames Water†	731	518	-5
HSBC (75p shs)†	5,200	707	-14	Thorn EMI†	357	987	-11
Hammerson	303	338	-1	Tomkins†	1,800	207½	-4½
Hanson†	11,000	222½	-3½	Trafalgar House	2,600	85	-1
Harrisons Crosfield	1,000	167	-2	Unigate	736	387	-6
Hays	366	273	-7	Unilever†	675	1132	-8
Hillsdown	836	173	-1	United Biscuits†	4,800	299	-5
IMI	632	298	-6	Utd. Newspapers	212	513	+2
ICI†	693	814	-8½	Vodafone†	4,400	203	-4
Inchcape†	1,100	420	-4	Warburg (SG)†	607	633	-16
Johnson Matthey	23	559		Wellcome†	1,700	651	-8
Kingfisher†	1,600	482		Welsh Water	490	635	-18
Kwik Save	53	582	-3	Wessex Water	194	621	-8
Ladbroke†	671	151	-3	Whitbread†	509	547	-2
Land Securities†	862	611	-3	Williams Hldgs.†	686	334	-6
Laporte	227	704	-8	Willis Corroon	672	154	-2
Legal & General†	841	436	-6	Wimpey	1,100	145	-2
Lloyds Abbey	378	330	-1	Wolseley†	492	752	-11
Lloyds Bank†	2,300	546	-8	Yorkshire Elect.	421	686	-3
LASMO	968	150	-2	Yorkshire Water	392	527	-4
London Elect.	494	689	+2	Zeneca†	1,600	841	+4

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. †Indicates an FT-SE 100 Index constituent.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures had a volatile session, moving steeply lower on US rate rise rumours but closing above the day's low, *writes Jeffrey Brown.*

The FT-SE 100 December contract was 3,042 at the official close, down 31 points. Just before Wall Street opened, it had been 55 points lower.

At the close the contract's premium to cash was 10 points and fair value premium around 16 points.

Trading volume rose to 13,340 contracts from 10,119. Traded options turnover was 48,168 lots, against 39,643.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3059.0	3042.0	-31.0	3061.0	3018.0	14068	54170
Mar	3078.0	3064.0	-31.5	3078.0	3078.0	30	3757

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	3521.0	3505.0	-20.0	3521.0	3500.0	95	4234

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		3505.0					0

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3030) £10 per full index point

	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P
Oct	189		139		80		30			21		71		121		171
Nov	199½	12½	157½	19	118	29½	82½	45	55	69½	33½	98	18½	135	10	178½
Dec	217½	26½	180½	37½	145½	52½	114½	72	85	93½	61½	122	41½	153	27½	190
Jan	241	40	205	53	169½	67½	140½	88	111	108½	88	136	64½	165	48½	200
Jun†			267½	92			287	130½			155½	179½			111½	237

Calls 13,878 Puts 12,897

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P
Oct	154		104		54		4			46		96		146		196
Nov	179½	17½	139½	26	101½	39	70	57	44	81	26	112½	14½	151	7½	193½
Dec	197½	32	169	44	126	60	98	79½	70½	103	49	131½	32½	164½	26½	201½
Mar					214	78½			154	116	104½	154			87	223½
Jun†			256	102			195½	139			145	183½			183	237

Calls 521 Puts 8,424 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P	3600 C	3600 P	3650	3700	3750
Oct					121	77¾	95½	101¼	74	129½			

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday October 21 1994

Engineering, Vehicles	+6.51	FT-SE Mid 250	-7.62	Textiles & Apparel	-12.92
Oil Exploration & Prod	+6.45	Food Manufacturers	-7.84	Diversified Industrials	-13.66
Printing, Paper & Pckg	+5.43	Pharmaceuticals	-8.11	Retailers, General	-14.18
Extractive Industries	+4.43	Non-Financials	-8.31	Life Assurance	-14.81
Oil, Integrated	+3.89	Gen Manufacturers	-8.31	Transport	-15.11
Mineral Extraction	+3.84	Health Care	-8.13	Household Goods	-15.89
FT Gold Mines	+3.25	Services	-8.16	Distributors	-16.04
Engineering	-0.18	Spirits, Wines & Ciders	-9.23	Gas Distribution	-16.71
Chemicals	-0.36	Consumer Goods	-9.67	Telecommunications	-16.77
Leisure & Hotels	-0.94	Water	-10.06	Building Matls & Merch	-16.78
Retailers, Food	-1.06	FT-SE-A All Share	-10.10	Financials	-18.36
Electricity	-2.13	Investment Trusts	-10.21	Property	-18.92
FT-SE SmallCap ex IT	-3.25	FT-SE-A 350	-10.48	Banks	-19.31
Breweries	-3.41	FT-SE 100	-11.26	Insurance	-19.34
FT-SE SmallCap	-4.37	Support Services	-11.50	Building & Construction	-19.86
Media	-5.32	Utilities	-11.62	Merchant Banks	-20.17
FT-SE Mid 250 ex IT	-7.32	Electronic & Elect Equip	-11.80	Tobacco	-22.67

FT - SE Actuaries Share Indices — The UK Series

	Oct 21	Day's chge%	Oct 20	Oct 19	Oct 18	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3032.8	-1.0	3063.2	3060.8	3085.3	3189.0	4.16	7.18	16.49	110.35	1150.57	3520.3	2/2	2876.6	24/6	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3502.4	-0.6	3524.9	3521.2	3532.3	3547.0	3.57	5.82	20.72	108.30	1307.52	4152.6	3/2	3363.4	27/6	4152.6	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3500.8	-0.6	3521.3	3516.7	3526.1	3545.1	3.73	6.30	19.30	112.79	1304.29	4160.7	19/1	3362.4	27/6	4160.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1524.6	-0.9	1538.7	1537.4	1547.9	1593.6	4.03	6.85	17.31	53.58	1182.86	1778.3	2/2	1451.3	24/6	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1786.56	-0.3	1792.77	1792.87	1797.34	1804.56	3.31	4.95	25.34	48.09	1388.21	2084.98	4/2	1771.84	7/10	2084.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1758.49	-0.2	1762.51	1762.46	1765.46	1768.35	3.51	5.49	23.12	48.83	1371.52	2080.72	4/2	1743.86	10/10	2080.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	1512.29	-0.9	1525.58	1524.39	1534.40	1577.12	3.97	6.71	17.71	52.28	1193.34	1764.11	2/2	1445.86	24/6	1764.11	2/2/94	61.92	13/12/74

■ FT-SE Actuaries All-Share

	Oct 21	Day's chge%	Oct 20	Oct 19	Oct 18	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION(18)	2661.91	—	2662.26	2683.88	2716.98	2451.80	3.46	5.14	24.59	81.46	1071.36	2882.01	5/9	2408.96	31/3	2802.81	5/9/94	880.26	19/2/86
12 Extractive Industries(4)	3880.59	-0.6	3904.76	3938.67	3974.92	3165.30	3.31	5.29	23.39	96.62	1070.62	4107.55	2/2	3658.98	12/7	4107.55	2/2/94	1099.00	31/12/85
15 Oil, Integrated(3)	2612.62	+0.2	2608.39	2628.73	2688.58	2425.50	3.61	5.75	21.64	85.60	1074.57	2762.46	5/9	2348.98	30/3	2762.46	5/9/94	982.30	20/2/86
16 Oil Exploration & Prod(11)	1877.33	-1.2	1900.18	1896.86	1886.43	2010.20	2.21	‡	‡	36.03	1086.19	2080.43	27/4	1784.49	31/3	3944.10	8/8/90	850.30	28/7/86
20 GEN MANUFACTURERS(267)	1853.53	-0.9	1869.72	1870.37	1884.55	1937.60	4.11	5.16	23.50	66.66	847.55	2232.88	2/2	1835.51	5/10	2232.88	2/2/94	988.10	14/1/86
21 Building & Construction(33)	1051.39	-0.4	1055.62	1052.84	1057.48	1181.80	3.76	5.27	25.01	35.80	828.29	1568.10	8/2	1017.84	5/10	2128.80	16/7/87	538.30	9/9/92
22 Building Matls & Merchs(32)	1817.47	-0.8	1832.70	1829.90	1838.36	1898.10	4.06	5.19	23.42	66.90	860.84	2303.22	24/1	1783.72	7/10	2303.22	24/1/94	954.90	9/9/92
23 Chemicals(23)	2319.37	-1.0	2342.34	2342.11	2357.47	2242.00	3.99	4.45	28.11	79.58	1029.25	2586.42	8/8	2286.12	5/10	2586.42	8/8/94	979.50	14/1/86
24 Diversified Industrials(16)	1749.06	-1.1	1768.00	1774.60	1790.74	2024.10	5.23	5.31	22.84	82.75	899.54	2231.57	2/2	1742.98	5/10	2231.57	2/2/94	964.90	21/1/86
25 Electronic & Elect Equip(34)	1857.44	-0.8	1868.34	1878.22	1894.23	2138.50	4.05	6.79	17.54	60.85	910.03	2283.38	4/2	1838.46	6/7	2283.38	4/2/94	988.80	20/9/86
26 Engineering(71)	1789.42	-1.0	1806.98	1800.54	1816.48	1701.50	3.19	5.01	23.84	48.78	1024.52	2011.17	2/2	1738.95	24/6	2011.17	2/2/94	962.80	10/11/87
27 Engineering, Vehicles(12)	2268.01	-0.4	2275.82	2268.11	2279.35	1900.60	4.42	1.46	80.00†	92.54	1108.34	2518.85	8/8	2085.34	28/6	2518.85	8/8/94	985.80	14/1/86
28 Printing, Paper & Pckg(26)	2746.12	-0.4	2758.69	2762.04	2781.04	2471.40	3.14	5.44	21.46	75.03	1082.86	3045.81	18/3	2621.19	4/1	3045.81	18/3/94	873.30	14/1/86
29 Textiles & Apparel(20)	1581.63	-1.5	1605.36	1608.84	1628.36	1957.60	4.26	6.84	17.92	48.06	894.95	2024.98	4/2	1577.87	5/10	2025.00	2/10/87	980.66	24/9/90
30 CONSUMER GOODS(97)	2711.31	-1.0	2737.49	2732.73	2758.72	2903.00	4.43	7.40	15.62	107.70	937.34	3048.76	24/1	2494.84	24/6	3080.00	22/12/92	987.50	14/1/86
31 Breweries(17)	2218.24	-0.7	2232.41	2207.48	2202.66	2088.80	4.27	7.75	15.68	61.10	992.82	2464.52	19/1	2071.67	24/6	2464.82	19/1/94	962.08	14/1/86
32 Spirits, Wines & Ciders(10)	2792.83	-1.7	2839.96	2844.12	2852.60	2747.30	4.00	6.95	16.55	101.23	940.03	3225.93	24/1	2636.48	24/6	3467.00	11/5/92	987.59	14/1/86
33 Food Manufacturers(23)	2266.96	-0.9	2286.67	2286.84	2308.49	2388.60	4.28	7.72	15.09	84.99	956.47	2699.64	19/1	2080.28	24/6	2699.64	19/1/94	946.19	14/1/86
34 Household Goods(13)	2406.51	-1.1	2434.81	2408.81	2422.44	2874.90	3.80	7.54	15.87	82.52	869.51	2894.14	18/2	2226.86	5/10	2894.14	18/2/94	927.19	21/1/86
36 Health Care(21)	1605.28	-0.8	1617.74	1621.02	1624.94	1738.50	3.14	3.35	41.88	48.24	935.25	1988.13	19/1	1588.49	5/10	2047.40	28/9/87	972.80	21/1/86
37 Pharmaceuticals(12)	2994.93	-0.1	2999.37	2998.11	3038.08	3417.60	4.50	7.15	16.19	125.18	958.28	3285.81	28/6	2841.79	1/6	4168.90	14/1/92	853.70	13/1/86
38 Tobacco(1)	3590.53	-2.7	3691.20	3720.56	3775.09	4074.40	6.04	9.57	11.22	217.07	819.03	4718.86	7/1	3129.74	24/6	4739.83	29/12/93	982.08	9/1/86
40 SERVICES(220)	1895.26	-0.6	1906.79	1907.38	1910.15	1918.80	3.21	6.44	18.70	51.56	932.40	2207.77	19/1	1846.11	5/10	2207.77	19/1/94	944.90	23/1/86
41 Distributors(30)	2485.47	-0.7	2502.65	2521.39	2534.30	2704.30	3.78	7.38	16.02	82.89	864.65	3319.33	3/2	2450.36	5/10	3319.33	2/2/94	988.50	21/1/86
42 Leisure & Hotels(25)	2058.57	-1.0	2079.06	2082.88	2084.97	1923.50	3.38	4.83	24.35	57.89	1017.78	2360.62	17/2	1894.16	8/7	2360.62	17/2/94	876.40	21/1/86
43 Media(39)	2784.06	-0.7	2804.72	2791.48	2802.22	2813.70	2.49	5.39	21.62	89.42	968.70	3349.11	17/2	2575.11	27/6	3349.11	17/2/94	976.20	9/1/86
44 Retailers, Food(16)	1705.61	-0.4	1711.93	1712.07	1710.13	1726.80	3.80	9.34	13.23	52.00	1021.42	1914.29	19/1	1511.94	25/4	2239.20	28/1/93	917.40	21/1/86
45 Retailers, General(45)	1845.14	-0.5	1852.83	1853.42	1853.34	1715.50	3.21	6.61	18.76	44.23	881.03	1910.67	4/1	1578.12	5/10	1934.24	29/12/93	870.10	9/12/88
48 Support Services(41)	1485.08	-0.5	1492.28	1497.80	1503.17	1657.80	2.84	6.51	18.13	35.92	905.26	1866.43	2/2	1469.18	5/10	1866.43	2/2/94	939.08	1/2/91
49 Transport(16)	2218.62	-0.7	2231.65	2236.06	2240.35	2312.60	3.35	5.71	20.29	59.28	870.47	2665.98	3/2	2155.54	5/10	2665.96	3/2/94	950.40	14/1/86
51 Other Services & Business(8)	1247.57	+0.1	1245.85	1244.05	1248.79	1237.60	3.75	3.77	38.15	25.62	1071.65	1389.58	10/2	1130.62	21/4	2498.39	16/7/87	983.10	14/1/86
60 UTILITIES(36)	2369.39	-1.2	2398.06	2385.93	2398.24	2525.70	4.44	7.93	15.34	81.97	915.93	2782.33	2/2	2180.82	24/8	2782.33	2/2/94	862.50	3/10/86
62 Electricity(17)	2442.86	-0.3	2449.74	2428.75	2428.84	2197.50	3.78	10.09	11.83	83.46	1015.89	2754.74	30/8	2024.12	24/6	2754.74	30/8/94	995.30	7/1/91
64 Gas Distribution(2)	1885.14	-1.2	1907.52	1894.48	1899.39	2285.60	6.36	‡	‡	117.98	884.56	2360.77	7/1	1664.20	24/6	2379.30	16/12/93	994.80	9/12/86
66 Telecommunications(4)	2001.32	-1.8	2037.25	2051.50	2061.99	2314.60	4.13	7.86	15.49	60.22	853.44	2460.42	2/2	1884.66	1/6	2481.20	29/12/93	802.50	3/10/86
68 Water(13)	1873.25	-1.6	1904.44	1904.58	1880.63	1954.50	5.19	12.63	8.63	69.35	936.42	2128.79	3/2	1569.71	27/6	2128.79	3/2/94	924.70	1/5/90
69 NON-FINANCIALS(638)	1634.76	-0.8	1647.70	1647.36	1658.28	1688.56	3.95	6.46	18.60	56.32	1158.77	1870.36	2/2	1582.99	24/6	1870.36	2/2/94	63.49	13/12/74
70 FINANCIALS(104)	2133.81	-1.3	2161.51	2152.53	2165.65	2354.90	4.54	9.19	12.82	86.94	848.95	2737.13	4/2	2034.74	24/6	2737.13	4/2/94	972.20	23/1/86
71 Banks(10)	2791.05	-1.4	2829.51	2807.68	2827.55	2900.60	4.32	10.21	11.21	116.39	839.15	3601.55	4/2	2615.77	8/7	3601.55	4/2/94	960.68	23/1/88
73 Insurance(17)	1224.16	-1.6	1244.12	1247.68	1261.97	1506.20	5.53	9.61	11.89	59.03	843.61	1563.81	24/1	1163.82	24/6	1634.29	29/12/88	870.90	25/8/92
74 Life Assurance(6)	2318.86	-1.7	2359.44	2351.57	2365.76	2829.80	5.51	8.04	15.16	127.82	887.43	2921.37	19/1	2180.81	1/6	2921.37	19/1/94	887.70	23/1/86
75 Merchant Banks(6)	2724.53	-0.8	2745.80	2741.80	2723.93	3200.10	3.81	12.10	9.62	87.78	822.70	3781.29	2/2	2582.82	4/10	3781.29	2/2/94	982.89	27/1/86
77 Other Financial(24)	1797.72	-0.2	1801.27	1805.46	1821.39	1851.10	4.03	8.88	13.76	63.31	984.14	2279.35	4/2	1752.83	4/7	2279.35	4/2/94	858.30	1/10/90
79 Property(41)	1455.44	-0.9	1468.47	1468.13	1468.41	1727.50	4.16	4.38	28.88	43.62	833.72	1886.86	4/2	1437.65	5/10	2132.40	5/9/89	718.40	16/9/92
80 INVESTMENT TRUSTS(124)	2719.95	-1.0	2747.58	2749.98	2768.30	2732.90	2.26	1.98	51.07	53.80	914.86	3194.31	2/2	2618.98	27/6	3184.31	2/2/94	977.20	14/1/86
89 FT-SE-A ALL-SHARE(866)	1512.29	-0.9	1525.58	1524.39	1534.40	1577.12	3.87	6.71	17.71	52.28	1193.34	1764.11	2/2	1445.85	24/6	1764.11	2/2/94	61.92	13/12/74

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3049.4	3043.3	3032.0	3036.9	3031.4	3032.3	3023.1	3017.2	3030.0	3049.4	3016.4
FT-SE Mid 250	3520.8	3515.6	3512.3	3511.8	3506.8	3507.4	3504.8	3500.0	3502.3	3520.8	3500.0
FT-SE-A 350	1532.9	1530.0	1525.3	1527.1	1524.5	1524.9	1521.1	1518.3	1523.5	1532.9	1518.0

Time of FT-SE 100 High: 8.30am Low: 2.55pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	989.3	986.2	987.1	986.6	986.7	987.1	987.0	985.5	985.5	987.8	989.6	-1.8
Pharmaceuticals	2952.0	2951.2	2939.3	2944.9	2944.4	2944.0	2931.9	2935.3	2962.2	2966.8	2971.3	-4.5
Water	1905.0	1901.5	1897.4	1899.9	1878.8	1880.6	1878.5	1870.1	1869.3	1871.2	1902.8	-31.6
Banks	2860.1	2841.9	2836.8	2844.1	2833.3	2831.9	2815.5	2808.3	2824.1	2826.1	2865.0	-38.9

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trts	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	31/12/85	1000.00			

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. The Oil Exploration & Production Total Returns Index base value is 1047.33 as at 31/12/93. NAME CHANGE: Sheffield Insulations Group now SIG.

Dividend hint in utilities

East Midlands Electricity put on one of the best performances in a strong sector as speculation swept the market late in the day that the company might be poised to announce a massive special dividend payment to shareholders.

The rumour circulating among dealers was that East Midlands would on Monday reveal a one-off payment of 85p a share. This would be a way of avoiding the restrictive legislation surrounding a possible share buy-back scheme.

All the regional electricity companies (Recs) received permission to buy back up to 10 per cent of their shares. However three companies – East Midlands, Southern and Yorkshire – have so far now bought back any shares. The Recs have now entered their pre-results closed seasons which means that neither the company nor its directors may deal in shares until the results are made public. East Midlands shares rose 8 to 711p.

BP outperforms

UK oil major BP was one of the few firm features in the FT-SE 100 list as some of the larger securities houses stressed their enthusiasm for the stock ahead of third-quarter figures at the beginning of November.

NatWest Securities, a long-time supporter of the stock, published a sizeable review of the company and pointed out that the shares had underperformed the FT-SE-A All-Share Index by 5 per cent since the start of the month. The house said the recent slide in the dollar had been more than offset by the rise in the oil price. It added that the third-quarter figures should reflect a rise of 13 per cent on the previous year's equivalent period compared to falls of around 9 per cent in US rivals.

Meanwhile, Smith New Court argued that the recent divergence between the UK and US oil sectors was easily explained by specific factors and that BP still represented good value. The shares ended the day 5 up at 408p with 5.7m traded.

Welsh Water ease

Expectations that Welsh Water would spend its £180m cash pile on buying back shares were doused yesterday and the shares led the sector down ahead of the sector's interim reporting season which begins next week.

Welsh held a meeting for industry analysts in which it announced that it hoped to set up a fund for infrastructure investment in Asia. It also talked of using its cash pile to expand in the UK and into Czechoslovakia.

This was a blow to analysts who had speculated that it might follow the buy-back path of the Recs. Welsh shares fell 18 to 635p while North West dropped 14 to 547p and Severn Trent 12 to 560p and Thames 5 to 518p.

High Street clearing bank Barclays performed strongly as NatWest Securities upgraded its recommendation and Yamaichi published a very bullish note on the sector.

NatWest moved its stance to 'add' from 'hold' arguing that worries over its securities arm BZW were overdone. It added that Barclays had the strongest dividend paying capacity in the sector and a share buy-back was a possibility.

Also, Yamaichi cited Barclays as one of its core buys in a sector which the Japanese securities house believes has more room to rise. The shares gained 2 to 572p.

Elsewhere, Standard Chartered rose 2 to 279p with dealers saying it had had a meeting with one leading UK marketmaker. And tightly-traded merchant bank Schroders improved 8 to 1363p with investors said to have been switching from the non-voting shares.

Transport shares were mixed. Eurotunnel recovered 10 to 209p but British Airways slipped 5 to 375p ahead of Monday's third-quarter results from USAir. American Airlines managed bumper results this week but USAir, which is 25 per cent owned by BA, is thought by analysts to be far less cushioned against North American competition.

Coats Viyella, the UK's leading textile stock, fell 7 to to 197p after S.G. Warburg cut its 1994 profit forecast.

Cashmere jumper company Dawson International was one of the most heavily traded stocks in London with the overall turnover of 7.2m shares represented a single deal carried out at 138p a share, early in the morning. There was some suggestion that PDFM, the fund manger might have been involved, but other dealers suggested it could have represented the second half of a tax-related "bed and breakfast" deal. Dawson closed unchanged at 139p.

Leading pharmaceuticals groups were buoyed by US buying but Zeneca was the only net gainer on the day. The shares rose 4 to 841p ahead of a third-quarter trading state ment on Tuesday.

The brewers put most of their takeover hopes to one side, moving down smartly in line with market in negligible volume.

Greene King put on 2 to 531p as rumours of impending top management changes gained ground.

Elsewhere in the drinks sector the story was one of dollar led weakness for groups with big overseas earnings. Grand-Met fell 11 to 404p and Allied Domecq tumbled 13 to 576p.

Hazlewood Foods lost 6 to 122p as substantial line of stock hung over the market. Dealers said attempts to place up to 5m shares had not been successful.

Iceland recovered strongly on news that it plans to repurchase 10 per cent of its equity. The shares moved up from 166p to close 1 lower at 169p.

Activity in Babcock International totalled a massive 16m shares following the company's move to link up with a consortium set to bid for the entire Ministry of Defence site at Rosyth in Scotland. Babcock dipped 2¼ to 29¼p while Forth Ports, also in the consortium, held steady at 445p.

Vickers gained 1¼ to 172p for a two-day rise of more than 5 per cent as market sentiment towards the luxury car market shrugged off the recent weakness of the dollar and swung upwards on the back of improving US sales of Rolls-Royce cars.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (15).
DISTRIBUTORS (2) Finelist, Ideal Hardware, REA, ELECTRNC & ELECT EQUP (1) Rackmac, ENG, VEHICLES (1) Airflow Streamlines, EXTRACTIVE INDS (4) Driefontein, Gencor, Kloof, Western Deep, FOOD MANUF (1) CPL Aromas, LEISURE & HOTELS (1) David Lloyd, OIL EXPLORATION & PROD (1) Seafield, OTHER FINANCIAL (2) Baltic, Natl. Home Ln. 7½pc Prf., PHARMACEUTICALS (1) British Biotech.
NEW LOWS (147).
GILTS (1) BANKS (4) ANZ, Bank of Scotland 9¼pc Ird. Prf., Do 9⅜pc Prf., FNFC 8.3pc Prf., BUILDING & CNSTRN (2) Berkeley, Persimmon, BLDG MATLS & MCHTS (8) Anglian, Bardon, CSR, Graham, Ulleshall 8pc Prf., Ramus, Redland, Wickes, CHEMICALS (3) Engelhard, Hickson Ind., Kalon, DISTRIBUTORS (6) Caskor, Cowie, Glenchewton, Headlam, Vardy (R), Wills, DIVERSIFIED INDLS (5) Adwest, Hanson, Do Wrts., Do 9⅜pc Bd., Kvaerner AS B, ELECTRNC & ELECT EQUP (6) Control Techniques 10p, Dale, Danatron Intl. 5p, Gestetner, Johnson Electric Ind., VideoLogic, ENGINEERING (8) APV, Concentric, Hampson 6½p Prf. 91/03, Hunting, DO 8¼pc Prf., Molins, Morgan Crucible, Prospect, Wheeman, ENG, VEHICLES (1) Motor World, EXTRACTIVE INDS (3) Monarch, Pacific Arc, Sipa, FOOD MANUF (2) Global, United Biscuits, HEALTH CARE (2) ML Laboratories, Polartechnics, HOUSEHOLD GOODS (2) Cornwell Parker A, Vymura, INSURANCE (1) American Gen., INVESTMENT TRUSTS (36) INVESTMENT COMPANIES (7) LEISURE & HOTELS (4) Airtours 6⅛pc Prf., Allied, Euro Disney, Mandarin Oriental, LIFE ASSURANCE (1) Lincoln Natl., MEDIA (2) Holmes Marchant, Portsmouth & Sunderland, MERCHANT BANKS (2) Barings 8pc 2nd Prf., Hambros, OIL EXPLORATION & PROD (4) Enterprise, Pittencrieff, Presidio A, Schlumberger, OTHER FINANCIAL (4) Berry, Birch & Noble, IAF, Policy Portfolio, Swire Pacific A, OTHER SERVS & BUSNS (2) Headway, Waste Management, PHARMACEUTICALS (2) Cantab, Grampian, PRTNG, PAPER & PACKG (3) Bemrose, Lawson Mardon, Plysu, PROPERTY (7) Cardiff, Chesterfield, Debenham Tewson & Chinnocks, Five Oaks, High-Point, Property Trust, Regalian, RETAILERS, FOOD (3) Dairy Farm, Merchant Retail, Shoprite, RETAILERS, GENERAL (2) Blacks Leisure, Menzies (J), SUPPORT SERVS (2) Coda, Compel, TRANSPORT (2) Cathay Pacific, Norish, AMERICANS (10)

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises			
Azlan	132	+	4
Cradley	30	+	3
Delyn	82	+	4
Eurotunnel Uts	209	+	10
Needler	46	+	10
Northern Elect	772	+	15
Proteus Int	192	+	22
Seafield Res	67	+	5
Falls			
BAT Inds	428	-	12
Babcock Int	29¼	-	2¼
Bank of Scotland	200	-	6½
Borland Int	650	-	100
Brit Aerospace	470	-	10
Brit Biotech	587	-	11
Danka Business	287	-	7
Grand Met	404	-	11
Hampson Inds	52	-	14
Hazlewood Foods	122	-	6
High-Point	46	-	9
North West Water	547	-	14
Siebe	515	-	11
VideoLogic	20	-	2½

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Interest Rate: 6.125% per annum
Interest Period: 21st October, 1994 to 23rd January, 1995
Interest Amount per £5,000 Note due 23rd January, 1995: £78.87
Interest Amount per £50,000 Note due 23rd January, 1995: £788.70
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USD 250,000,000
MULTIPLE OPTION FACILITY AGREEMENT
DATED MARCH 25, 1994
In accordance with the provisions of the Transferable Loan Certificate issued on April 21, 1994, notice is hereby given that for the three months interest period from October 21, 1994 to January 23, 1995, the Certificate will carry an Interest Rate of 6.1125% per annum.
Barclays Bank PLC, Hong Kong
As Facility Agent

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.10.94 Pool purchase price £/MWh	Final Prices for Trading on 21.10.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	15.83	9.67	9.67
0100	10.02	9.58	9.58
0130	9.22	9.58	9.58
0200	15.36	11.34	14.29
0230	15.35	11.34	14.29
0300	15.35	9.92	9.92
0330	15.35	9.86	9.86
0400	15.33	9.58	9.58
0430	9.19	9.58	9.58
0500	8.26	9.58	9.58
0530	9.19	9.60	9.60
0600	9.19	9.65	9.65
0630	9.19	9.65	9.65
0700	9.25	9.86	9.65
0730	15.61	11.69	14.64
0800	22.62	14.42	17.37
0830	29.08	16.60	19.56
0900	29.08	18.86	21.81
0930	33.41	19.26	22.22
1000	44.21	24.03	26.99
1030	44.21	24.03	26.99
1100	44.21	24.03	26.99
1130	44.21	20.41	23.37
1200	33.41	20.41	23.37
1230	33.41	19.26	22.22
1300	33.41	18.39	21.34
1330	29.06	18.38	21.34
1400	20.97	18.39	21.34
1430	20.97	14.82	17.78
1500	20.97	10.50	10.50
1530	20.97	10.40	10.40
1600	20.97	10.19	10.19
1630	20.97	10.50	10.50
1700	20.97	14.42	17.37
1730	35.26	16.43	19.39
1800	34.70	16.43	19.39
1830	47.86	16.43	19.39
1900	47.86	14.82	17.78
1930	47.00	28.59	31.54
2000	40.31	28.58	31.54
2030	34.70	28.58	31.54
2100	30.62	21.02	23.97
2130	22.65	18.23	21.18
2200	20.97	14.82	17.78
2230	15.59	14.42	17.37
2300	15.59	11.69	14.64
2330	9.59	11.69	14.64
2400	9.22	9.60	9.60

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456760 between 8:30am and 5:15pm Monday to Friday.
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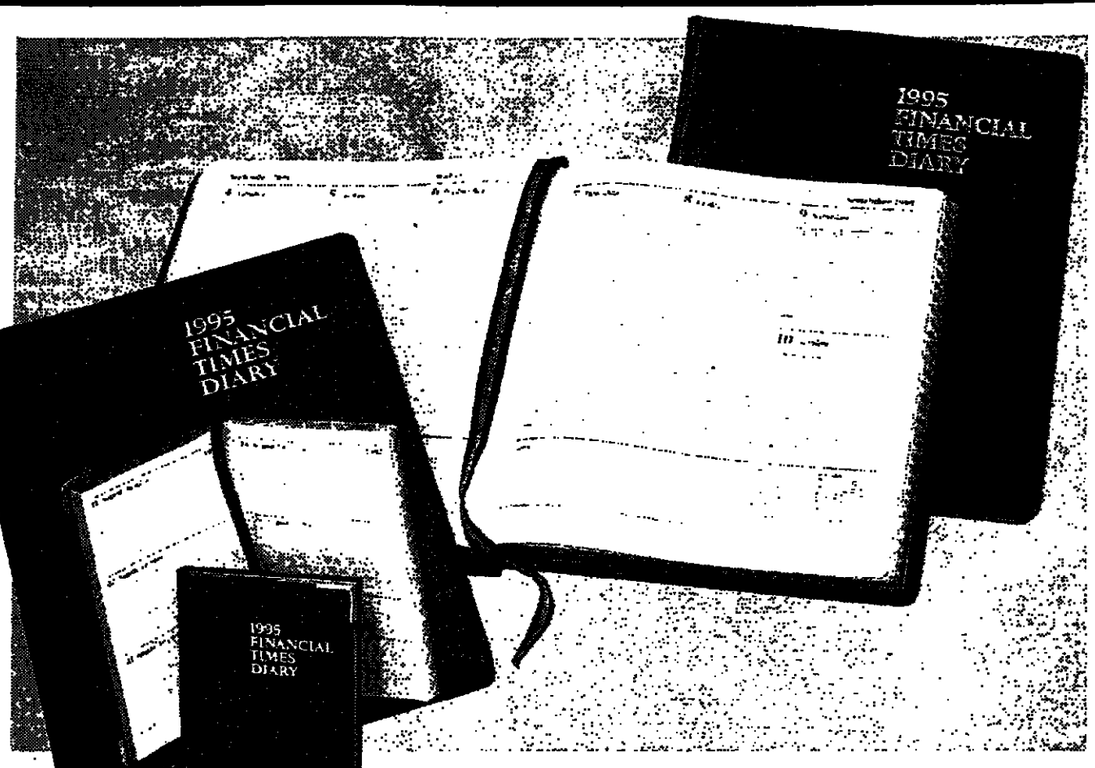

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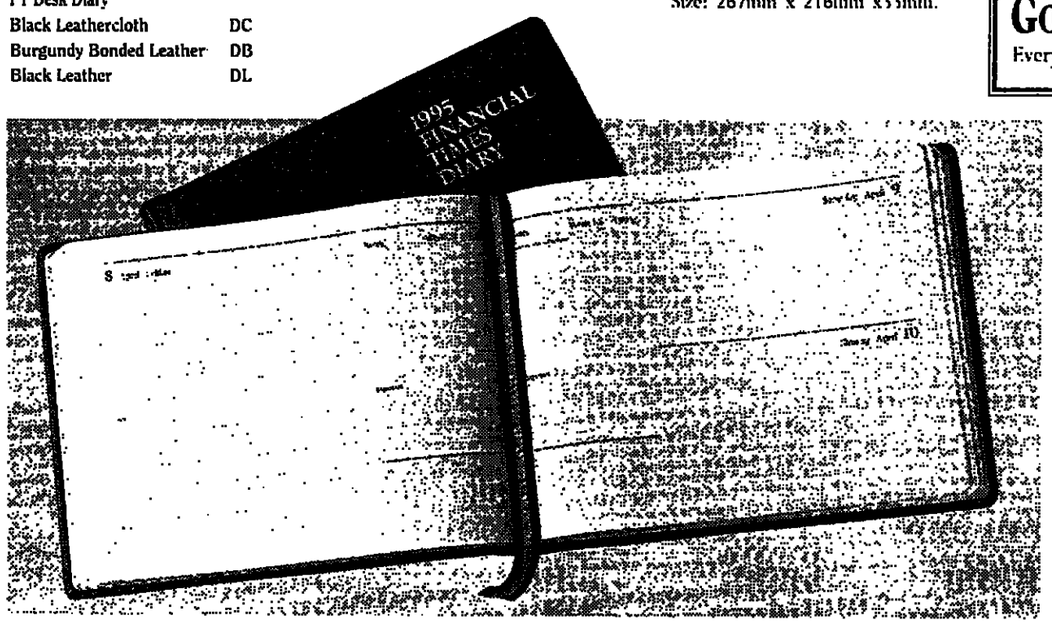

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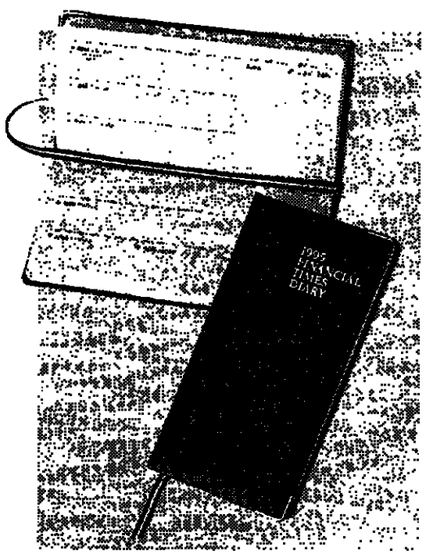

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Abbey Unit Tst Mngrs (1000)H

Aberforth Unit Trust Managers Ltd (1630)F

Abtrust Unit Trust Managers Ltd

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*C.A.R. – Compound Annual Rate

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

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BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

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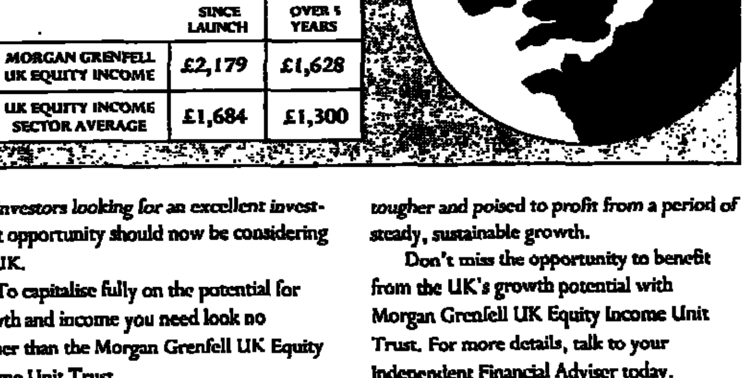

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MORGAN GRENFELL

*Source: Micropal offer to bid net income reinvested since launch (11.4.88) and 2.10.89 to 3.10.94. Please remember that past performance is not necessarily a guide to future performance. The value of units and income from them may fall as well as rise, and you may not get back the original amount invested. Tax rates and reliefs are those applicable at time of printing and may be subject to change. Their value will depend on individual circumstances. Issued by Morgan Grenfell Investment Funds Ltd, 20 Finsbury Circus, London EC2M 1UT, Member of IMRO. Morgan Grenfell Investment Funds Ltd is an appointed representative of Morgan Grenfell Unit Trust Managers Ltd which is a member of IMRO, LAUTRO and the AUTIF.

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

Prudential Unit Trusts Ltd (1200)F

Reliance Unit Mgrs. Ltd (1000)H

Rock Asset Mgmt (Unit Trust) Ltd (0905)F

Rothschild Fund Management (1000)F

Royal Life Fd Mgmt Ltd (1000)F

Royal London Unit Tst Mgrs Ltd (2200)F

St James's Place UT Group Ltd (1200)F

Sanwa Intl Invest Services Ltd (1200)F

Save & Prosper Group (0900)H

Schroder Unit Trusts Ltd (1400)F

Schroder Unit Trusts Ltd - Contd.

Scottish Amicable Ut Tst Mgrs Ltd (0730)H

Scottish Equitable Fd Mgrs Ltd (1000)H

Scottish Life Investments (1200)F

Scottish Mutual Inv Mngrs Ltd (1000)H

Scottish Widows' Fund Mngmt (0800)H

Semper Eadem Fund Mngt Ltd (1200)F

Sharp (Albert E.) & Co (1000)F

Singer & Friedlander UT Mgmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1700)F

Sovereign Unit Tst Mngrs Ltd (1200)F

Standard Life Unit Trusts (0730)H

Standard Life Unit Trusts - Contd.

State Street Unit Trust Mngmt Ltd (1400)F

Stewart Ivory Unit Tst Mgrs Ltd (1200)F

Sun Alliance Unit Tst Mngmt Ltd (1200)F

Sun Life of Canada Unit Mgrs Ltd (1000)F

Sun Life Trust Mngmt Ltd (1400)F

TSB Unit Trusts (1200)F

T.U. Fund Managers Limited (1200)H

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

Tilney Unit Trust Management Ltd (1000)F

United Friendly Unit Tst Mngrs Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

CAF - Charity Money Management

CIM Unit Trust Managers Ltd

Cent. Bd. of Fin. of Church of England‡

Charigaurd UK Equity Fd/Fixed Int Fd

Charinco/Charishare‡ (1000)F

COIF-Charities Official Inv Fd‡

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Ely Place Investments Ltd

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

Glasgow Investment Managers Ltd

Govett (John) Unit Mngmt Ltd

Guinness Flight Exempt Investment Funds

HSBC Asset Management Europe Ltd

Henderson Touche Remnant UTM

INVESCO Asset Management Ltd

Jupiter Unit Trust Managers Ltd

Lazard Investors Ltd ‡

Local Authorities Mutual Invest. Tst.*

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

NatWest Investment Management Ltd

PDFM Unit Managers Ltd

J. Rothschild Fund Managers Ltd.

Stewart Ivory & Co Ltd

Templeton Unit Trust Managers Ltd

Thornton Unit Managers Ltd

INSURANCES

AIG Life

AXA Equity & Law Life Assce

Abbey Life Assurance Co Ltd

Abbey Life Assurance Co Ltd - Contd.

Abbey National Life Plc

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Group

Canada Life Group

Century Life Plc

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Friendly Society Ltd

Family Life Assurance Ltd

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group

Henderson Administration(z)

Hill Samuel Life Assur. Ltd

Hill Samuel Life Assur. Ltd - Contd.

Homeowners Friendly Society Limited

Ideal Benefit Society

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Liberty Life Assurance Co Ltd

Lifetime Assurance Co Ltd

Lincoln National

(Fund price tables: bid price, offer price, + or −, yield — figures illegible at this scan resolution.) [illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
Lincoln National - Contd.				
London Life 100 Temple St, Bristol BS1 6EA 0117-9847777				
London & Manchester Assurance (z) Winslade Pk, Exeter EX5 1DS 0392 282456				
M & G Life and M & G Pensions Victoria Road, Chelmsford, CM1 1FB 0245 266266				
MGM Assurance (z) MGM House, Heene Rd, Worthing 0903 204631				
Manchester Unity Assurance 40 Fountain Street, Manchester M2 2AB 061-832 8381				
Manulife Group St George's Way, Stevenage				
Merchant Investors Assurance Co Ltd St Bartholomew's House, Lewins Mead, Bristol BS1 2NH				
Mercury Life Assurance Co Ltd 33 King William St, London EC4R 9AS 071-280 2800				
Midland Life Limited Norwich Hse, Commercial Rd, Southampton 0703 723723				
N & P Life Assurance Ltd Provincial Hse, Bradford BD1 1NL 0274 737066				
NPI National Provident Hse, Tunbridge Wells 0892 515151				
NPI - Contd.				
NPI Pensions Management Ltd Managed Fund	1596.2	1814.5	-96.6	
National Mutual Life The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
National Westminster Life Assce Ltd PO Box 888, Trinity Quay, Bristol BS99 5LJ 0272 404201				
Norwich Union Life Insurance Soc. Surrey Street, Norwich NR1 3NG 0603 622200				
Norwich Union Pensions Management Ltd Surrey Street, Norwich, NR1 3NG 0603 683335				
Pearl Assurance (Unit Funds) Ltd Lynch Wood, Peterborough PE2 6FY 0733 470470				
Premium Life Assurance Co Ltd 37-39, Perrymount Road, Haywards Heath 0444 458721				
Professional Life Assurance Co Ltd (z) Scandia Hse, Portland Terr, Southampton 0703 232323				
Prosperity Life Assurance Ltd 1 Seddons Hse So, Maidstone ME14 1XX 0622 680665				
Providence Capitol Life Assce. Co Ltd 2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
Providence Capitol Life Assce. Co Ltd - Contd.				
Provident Life Assoc Ltd Provident Way, Basingstoke RG21 2SZ 0256 470707				
Provident Life Assoc Ltd/Invesco Provident Way, Basingstoke RG21 2SZ 0256 768333				
Provident Mutual Life Assc. Assn. 0438 732000				
Prudential Assurance Co Holborn Bars, London EC1N 2NH 071-405 9222				
Managed Oct 19	328.1	341.8	-	-
Prudential Corporate Pension Funds 55 King's Road, Reading RG1 3AH 0734 494949				
Prudential Individual Life Funds 55 King's Road, Reading, RG1 3AH 0734 494949				
Prudential Individual Pension Funds 55 King's Road, Reading RG1 3AH 0734 494949				
Reliance Mutual Reliance House, Tunbridge Wells, Kent 0892 510033				
J Rothschild Assurance PLC J Rothschild House, Dollar Street, Cirencester				
Royal Heritage Life Assurance Ltd Peterborough Business Pk, PE2 6GG 0733 390000				
Royal Life Insurance Ltd New Hall Place, Liverpool L69 3HS 051-239 3000				
Royal Liver Assurance Royal Liver Building, Liverpool, L3 1HT. 051-236 1451				
S-E-Bankon Life Assurance Co Ltd 140-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7500				
Save & Prosper Group (z) 16-22 Western Rd, Romford RM1 3LB 0708-766966				
Scottish Amicable 150 St Vincent St, Glasgow 041-248 2323				
Scottish Equitable plc 28 St Andrew Sq, Edinburgh 031-556 9101				
Scottish Legal Life Assurance Society Ltd 95 Bothwell St, Glasgow G2 7HY 041-248 8251				
Scottish Life Investments 19 St Andrew Square, Edinburgh 031-225 2211				
Scottish Mutual Assurance plc 109 St Vincent St, Glasgow 041-248 6321				
Scottish Provident Group 6 St Andrew Sq, Edinburgh 031-556 2652				
Scottish Widows' Group PO Box 902, Edinburgh EH16 5BU 031-655 6000				
Skandia Life Assurance Co Ltd (z) Skandia Hse, Portland Terr, Southampton 0703 334411				
Standard Life Assurance Company 3 George St, Edinburgh EH2 2XZ 031-225 2552				
Sun Alliance Group St Mark's Court Horsham 0403 232323				
Sun Life Unit Assurance Ltd St James Barton, Bristol BS99 7SL 0272 426911				
Swiss Life (UK) PLC 101 London Rd, Sevenoaks 0732 450161				
Pioneer Funds 16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
TSB Life Ltd Charlton Pl, Andover, Hants. SP10 1RE 0264 345678				
Target Life Assurance Co Ltd The Exchange, 66 High St, Aylesbury, Bucks HP20 1SE (0296) 394000				
Teachers' Assurance Company Ltd Westover Fields, Christchurch Rd, Bournemouth 0202 295050				
Tunbridge Wells Equitable Abbey Court, Tunbridge Wells 0892 515353				
United Friendly Group 42 Southwark Bridge Rd, London SE1 9HE 071-980 3433				
Wesleyan Assurance Society Colmore Circus, Birmingham, B4 6AR 021-200 3003				
Windsor Life Assur Co Ltd Windsor House, Telford, Shropshire 0952 292929				
Woolwich Life Assurance Co Ltd 1-3 Queensway, Redhill, Surrey RH1 1NH 0737 778800				
Managed Fd	158.7	-	-0.3	-
Zurich Life Assurance Co Ltd 11 Guildhall Walk, Portsmouth PO1 2LR 0705 822200				

MANAGEMENT SERVICES

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Trust Financial Management 8-10 Brook St, Coleraine Co. Londonderry 0265 58600				
Investment Portfolio	206.6	219.6	+0.3	-
Executive Pension	165.0	174.6	+0.6	-
Managed Growth	127.4	133.9	-0.5	-
DBS Financial Management Ltd Independence Hse, Holly Bk Rd, Huddersfield 0484 422224				
Adventurous	89.9	94.6	-0.1	-
Balanced	86.7	91.2	-	-
Cautious	83.6	87.9	-0.2	-
Deposit	97.1	102.2	-	-
Emerging Markets	87.0	91.5	-	-
Friendly Endeavour	91.9	96.7	-0.4	-
Fairmount Financial Services Ltd Castle House, Tonbridge Wells TN1 1BX 0892 515051				
Secure	123.20	129.70	-0.3	-
Growth	138.10	145.40	-0.7	-
Pension Secure	110.0	116.0	-0.1	-
Pension Growth	127.80	134.50	-0.6	-
Pension International	137.70	144.9	-1.1	-
Foster & Braithwaite Ltd 3 London Wall Bldgs, London EC2M 5RB 071 588 6111				
Managed Pension		85.6	-	-
Managed Inv Tst Pension		81.5	-	-
Sunstainder Financial Services(Pty) Ltd				
	41.00	44.10	-	-
	38.10	41.00	-	-
HFS Cltl Intl Mgd Acc	80.1	86.1	-	-
HFS Cltl Intl Mgd Cap	56.8	64.4	-	-
IPS Capital Management PLC 19-21 Queen Sq, Bristol BS1 4NH 0272 229877				
Recommended Pfolio		143.0	-8.4	-
Recommended Pfolio Acc	151.3	159.7	-0.4	-
Select Equities Pfolio		144.9	-0.5	-
Private Portfolio(z)	186.0	195.7	+0.2	-

	Bid Price	Offer Price	+ or -	Yield Gross
Johnson Fry Asset Managers Plc 20 Regent Street, London, SW1Y 4PZ 071-839 5688				
Knight Williams & Company Ltd 161 New Bond Street, London W1Y 0LA 071-408 1138				
Macartney & Dowie Invest Mngt Plc 40 Castle Green Rd, Brentwood, Essex 0277 374038				
Marsh Financial Management PLC 4-14 Mount Sion, Tunbridge Wells 0892 515818				
Roxborough Financial Management Ltd 6 Broad St Pl, Blomfield St, EC2M 7JH 071-628 9222				
Charles Stanley & Co Ltd 25 Luke Street, London EC2A 4AR 071-739 8200				
Cn Stanley Fxd. Fd	492.6	518.8	-	-
UFC Sutton House, Heritage Gate, Derby 0332 383399				
J. D. Ward Financial Services Ltd 9 Kingsway, London, WC2 6XF 071-836 4321				

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Calcash Deposit Fund	5.24	-	5.35	3-Mth
Deposits Over £1 million	5.34	-	5.45	3-Mth
Deposits Over £2 million	5.44	-	5.58	3-Mth
The COIF Charities Deposit Account 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	5.25	-	5.30	3-Mth
Cent. Bd. of Fin. of Church of England 2 Fore Street, London EC2Y 5AQ 071-588 1815				
Deposit	5.30	-	5.41	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Allied Trust Bank Ltd 25 Dowgate Hill, London, EC4R 2AT 071-626 0879				
American Express Bank Ltd Sussex House, Burgess Hill RH15 9AQ 0444 239444				
Arbuthnot Latham & Co Ltd 30 City Road, London EC1Y 2AY. 071-638 6070				
Bank of Ireland High Interest Cheque Acc 36-40 High St, Slough SL1 1EL 0753 516516				
Bank of Scotland 38 Threadneedle St, EC2P 2EH 071-601 6446				
Barclays Select PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
Barclays Prime Account H.I.C.A. Waverbree Boulevard, Liverpool 051-254 6236				
Brown Shipley & Co Ltd Founders Court, Lothbury, London EC2 071-606 9833				
Caledonian Bank Plc 8 St Andrew Square, Edinburgh EH2 2PP 031 556 8235				
Cater Allen Ltd 20 Birchin Lane, London EC3V 9DJ 071-623 2070				
Charterhouse Bank Limited 1 Paternoster Row, EC4M 7DH 071-248 4000				
Clydesdale Bank Flexible Solution Acc 30 St Vincent Place, Glasgow G1 2HL 041-248 7070				
£10,000-£49,999	3.70	2.78	3.75	Qtr
£50,000-£249,999	3.80	2.85	3.85	Qtr
£250,000 and over	4.50	3.38	4.58	Qtr
The Co-operative Bank PO Box 300, Skelmersdale, Lancs 0345 252000				
TESSA	5.76	-	-	Yearly
Coutts & Co 440 Strand, London WC2R 0QS 071-753 1000				
Dao Heng Bank (London) PLC Premier Acc 10 Angel Court, London EC2R 7HP 071-606 1818				
Davenham Tst Plc-Davenham 500 Acc 8 St John St, Manchester M3 4DU 061-832 8484				
Fidelity Money Market Account Fidelity Brokerage Services Ltd, Kingswood Place, Tadworth Surrey KT20 6RB				
Halifax Bldg Soc Asset Reserve Cheque Acc Trinity Road, Halifax HX1 2RG 0422 335333				
Julian Hodge Bank Ltd 10 Windsor Place Cardiff CF1 3BX 0222 220800				
Humberclyde Finance Group 5 Bartley Way, Hook, Basingstoke 0256 768008				
£50,000+	5.75	4.31	5.88	Qtr
Leopold Joseph & Sons Limited 29 Gresham Street, London EC2V 7EA 071-588 2323				
£25,001-£100,000	4.75	3.5625	4.8354	Qtr
£100,001 plus	5.00	3.7500	5.0946	Qtr
Kleinwort Benson Ltd 100 Fenchurch Street, London EC3M 3LB 071-267 1586				
H.I.C.A. (£2,500+)	4.25	3.19	4.31	Daily
Kleinwort Benson Private Bank				
HI C.A. (£2,500+)	4.25	3.19	4.33	
Lloyds Bank - Investment Account 71 Lombard St, London EC3P 3BS 0272 433372				
Midland Bank plc PO Box 2, Sheffield 071 705 6430				
Nationwide Bldg Soc - BusinessInvestor				
Portman Bldg Soc Prestige Cheque Account Richmond Hill, Bournemouth, BH2 6EP 0800 838863				
Rea Brothers Limited, Bankers Aldermans Walk, London EC2M 3XR 071-623 1155				
Royal Bank of Scotland plc Premium Acc 42 St Andrew Sq, Edinburgh EH2 2YE 031-523 8302				
Save & Prosper/Robert Fleming 16-22 Western Rd, Romford RM1 3LB 0800 282101				
Tyndall Bank plc 29-33 Princess Victoria St, Bristol 0272 744720				
United Dominions Trust Ltd PO Box 92, Herts, EN4 0DY 081-447 2438				
Capital Plus Cheque Account £1,000+	5.25	3.94	5.36	Qtr
United Trust Bank Ltd (formerly ULC) 1 Great Cumberland Pl, London W1H 7AL 071-258 0084				
J. Henry Schroder Wagg & Co Ltd 120 Cheapside, London EC2V 6DS 071-382 6000				
Special Acc	3.125	2.34	3.16	Mth
£10,000 and above	3.375	2.53	3.41	Mth
Western Trust High Interest Cheque Acc The Moneycentre, Plymouth PL1 1SE 0752 224141				
£15,000+	5.25	3.94	5.38	Qtr
£5,000-£14,999	5.00	3.75	5.09	Qtr
£1,000-£4,999	4.75	3.56	4.84	Qtr

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Init Chrge, Canc Price, Bid Price, Offer Price, +or -, Yield Gr's

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda
[illegible]
Prices for dealing October 21

Jupiter Tyndall (Bermuda) Ltd
PO Box HM1258, Hamilton, Bermuda 0101 809 292 7760
Overseas [illegible]
North American [illegible]
Eurobond [illegible]
Tiger [illegible]
Money (c) [illegible]

Newport Investment Management
73 Front street, Hamilton, Bermuda Dealing: 0481 726288
Newport SelectPlus Fund Ltd
Income Plus Class A [illegible]
Income Plus Class B [illegible]
Newport International Management
Nat. Pacific [illegible]
Newport Tiger Fd [illegible]

Orion Fund Limited
6 Front St., Hamilton, HM11, Bermuda 809 292 8370
Orion Oct 10 [illegible] $- 21 08

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI 0481 710851
AIB Offshore Fund Ltd [illegible]

Adams & Neville Fd Mngmt (Guernsey) Ltd
PO Box 255 St Peter Port Guernsey CI 0481 710851
Worldwide Bond Fund Inc. 1 £- 1.520 1.583

Butterfield Fund Mngrs (Guernsey) Ltd
PO Box 211, St Peter Port, Guernsey 0481 720321
[illegible]

Equitable International Fund Managers Ltd
PO Box 256, St Peter Port Guernsey CI 0481 710851
Sterling High Yld [illegible]

Guinness Flight Fd Mngrs (Guernsey) Ltd
PO Box 250, St Peter Port, Guernsey
Enquiries 0481 712176 Dealers 0481 710861
Guinness Flight International Accum Fund (Daily)
[illegible]
Global Strategy Fund (Daily)
[illegible]

Hambros Fd Mgrs (CI) Ltd
PO Box 255, Guernsey 0481 715454
[illegible]

Kleinwort Benson Intl Fd Mngrs Ltd
PO Box 44, Guernsey, CI 0481 709989/709993
[illegible]
*Offer price inclusive of maximum preliminary charge

Lazard Freres Asset Management (CI) Ltd
PO Box 278, St Peter Port, Guernsey, CI 0481 710461
[illegible]

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 275, St. Peter Port, Guernsey, C.I. 0481 710461
[illegible]
Lazard Select Investment Trust Ltd [illegible]

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St Peter Port 0481 724983
Lloyds Bank Fund Managers (Guernsey) Ltd [illegible]
Dealing daily

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 0481 723993
[illegible]

Prudential Fund Managers (Guernsey) Ltd
Po Box 61, St Peter Port Guernsey 0481 728286
Prudential Money Funds Ltd [illegible]

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey 0481 713713
[illegible]

Royal Bk of Canada O/S Fd Mgrs Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021
[illegible]
Latest Fund Prices 24hr service 0481 718043

Sarasin Funds Mngmt (Guernsey) Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021
[illegible]

Schroder Investment Mngmt (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey 0481 710851
[illegible]

Lazard Freres Asset Management (CI) Ltd
[illegible]

Lloyds Bank Fund Managers (Guernsey) Ltd
Austro-Hungary Fund Limited
NAV Oct 17 [illegible] $7.90

Merrill Lynch Guernsey
[illegible]

Mitsui Capital Mngt (Europe) Ltd
[illegible]

Quilter International Management Ltd
[illegible]

Rothschild Asset Mngmt (CI) Ltd
[illegible]

Sandi International (Guernsey) Ltd
[illegible]

Schroder Investment Mngmt (Guernsey) Ltd
[illegible]

UBK Asset Management (Guernsey) Ltd
[illegible]

U.S. Advisors (Guernsey) Limited
[illegible]

Wells Fargo Nikko Inv Adv Gsy Ltd
[illegible]

Yamaichi Capital Mngt (Guernsey) Ltd
[illegible]

GUERNSEY (REGULATED)(**)

Bid Price, Offer Price, +or -, Yield Gross

ANZ Mngmt Co (Guernsey) Ltd [illegible]
Apollo Investment Management Ltd [illegible]
Arab Bank Fund Managers (Guernsey) Ltd [illegible]
Bachmann Global Investment Fund Ltd [illegible]
Bellinvest Management (Guernsey) Ltd [illegible]
CIBC Fund Managers (Guernsey) Ltd [illegible]
Dextrust Management (Guernsey) Ltd [illegible]
Global Portfolio Management (Guernsey) Ltd [illegible]
Guernsey Capital Management Limited [illegible]
Hambros Fund Managers (CI) Ltd [illegible]
Rauteville Fund Managers (Guernsey) Ltd [illegible]
Havelet Throgmorton Mngmt Ltd [illegible]
IPS (Guernsey) Ltd [illegible]
Kleinwort Benson Intl Fd Mngrs Ltd [illegible]
*Offer price inclusive of maximum preliminary charge
Lazard Fund Managers (CI) Ltd [illegible]

IRELAND (SIB RECOGNISED)

BT Fund Managers (Ireland) Ltd
80 Harcourt Street, Dublin 2 010 3531 7902400
[illegible]

Baring International Fd Managers (Ireland) Ltd [illegible]
Coutts & Co Fund Managers Limited [illegible]
Dresdner Intl Management Services Ltd [illegible]
Dunedin Unit Trust Managers (Ireland) Ltd [illegible]
Federated International Funds Plc (u) [illegible]
GAM Fund Management Ltd (u) [illegible]
GT Asset Management (Ireland) Ltd [illegible]
Morgan Grenfell Emerging Markets Fund Plc (u) [illegible]
Morgan Grenfell Investment Funds Ltd (u) [illegible]
Old Mutual International Fd Mngrs Ltd (u) [illegible]
Prolific International Fund Plc [illegible]
Scottish Value Management (Ireland) Ltd (u) [illegible]
Singer & Friedlander Inv Funds Ltd (u) [illegible]

Swiss Life Investment Fund – Proteus (u) [illegible]

IRELAND (REGULATED)(**)

AIB Fund Management Ltd [illegible]
Apollo Fund Plc NAV Sep 30 $9817.01 0.00
Argenta European Hedge Fund plc [illegible]
Asian Diversified Equity Fund Plc [illegible]
Asian Emerging Markets Fund Plc [illegible]
Asian Growth Fund Plc NAV $12.19
BT Fund Managers (Ireland) Ltd (u) [illegible]
Bank of Ireland Unit Managers Ltd [illegible]
Baring International Fd Mngrs (Ireland) Ltd [illegible]
Baring Mutual Fund Mngmt (Ireland) Ltd [illegible]
CFP Interest Rate Arbitrage Fund Plc NAV Sept 30 $9.78 0.00
Chemical Ireland Fund Administrators Ltd [illegible]
Citizens Investment Trust Mngt Company [illegible]
For Dresdner Intl Mgt Services see Ireland (SIB Recognised)
For Dunedin see Ireland (SIB Recognised)
Dynamic Pacific Portfolio Fund Plc [illegible]
Emerging Dynamic Fund Plc [illegible]
Framlington Investment Mngt (Ireland) Ltd [illegible]
Frank Russell Investments (Ireland) Ltd (u) [illegible]
GAM Fund Management Ltd [illegible]
GT Asset Management (Ireland) Ltd [illegible]
Galacorp Ireland Limited [illegible]
Hambros Fund Managers (Ireland) Ltd [illegible]
Kime Yuki Korea Fund Plc [illegible]
Kleinwort Benson Bond Arbitrage Fund Plc [illegible]
Kleinwort Benson Derivative Products Fd Plc [illegible]
Kleinwort Benson Capital Mngt (Ireland) Ltd [illegible]
Korea CB Fund Plc [illegible]
Korea Capital Growth Fund [illegible]
Korea Sprint Fund Plc [illegible]
Korea Sunrise Fund [illegible]
For Morgan Grenfell Emg Mkts Fd Plc see Ireland SIB
Morgan Grenfell Fixed Income Funds Plc [illegible]
Morgan Grenfell Profunds Plc [illegible]
Old Mutual International Ltd [illegible]
Orient Balanced Fund Plc [illegible]
Paine Webber Offshore Funds Plc (u) [illegible]
Paribas Asset Management (Ireland) Ltd [illegible]
J. Rothschild International Assce plc [illegible]
Sanwa International (Ireland) Plc [illegible]
Scottish Amicable European [illegible]
Stellar Fund Plc [illegible]
Ulster Bank Investment Services [illegible]
Value Express Fund Plc [illegible]
Yellow Sea Investment Company PLC [illegible]
Yuki Korea Fund [illegible]

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs [illegible]
Allied Dunbar Intl Fund Mgrs (1600)F [illegible]
Asset Global Funds Ltd (1200) [illegible]
Bank of Ireland [illegible]

CMI Fund Managers (IoM) [illegible]
Leopold Joseph Fund Mngrs (IoM) Ltd [illegible]
Mercury Fund Managers IoM Ltd [illegible]
Sun Life Management (IoM) Ltd [illegible]
Unibank Scandinavian Fund Ltd [illegible]

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd [illegible]
AXA Equity & Law Intl Fund Mgs [illegible]
City Financial Admin (IoM) Ltd [illegible]
Duncan Lawrie Inv. Mgt. Ltd [illegible]
John Govett Management (IoM) Ltd [illegible]
IBI Managers (IoM) Ltd [illegible]
R & H Fund Managers Ltd [illegible]

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd [illegible]
Barclays International Funds [illegible]
Capital House Fund Mgrs (CI) Ltd (0900)H [illegible]
Coutts & Co (Jersey) Fund Managers Ltd [illegible]
Gartmore Fund Mngrs Intl Ltd [illegible]
John Govett (Channel Islands) Ltd (1000)F [illegible]
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F [illegible]
Lloyds Bank (CI) U/T Mgrs. [illegible]
Midland Bank Fund Managers (Jersey) Ltd [illegible]
Prudential Fund Managers (Jersey) Ltd [illegible]
Royal Bank of Canada (Jsy) Fd Mgt Ltd (1400)F [illegible]
Standard Bank Fund Mngmt (Jersey) Ltd [illegible]
TSB Trust Funds (CI) [illegible]

JERSEY (REGULATED)(**)

Barclays Intl Funds [illegible]
Cater Allen Investment Management (CI) [illegible]
Cazenove International Asset Mngt Ltd (CIAM) [illegible]
Citibank (CI) Ltd "Citifunds" [illegible]
Citibank N.A. [illegible]
Concerto Ltd [illegible]
Coutts & Co (Jersey) Fund Managers Ltd [illegible]
EBC Fund Managers (Jersey) Ltd [illegible]
Fleming Group [illegible]
Foreign & Colonial Mngmt (Jersey) Ltd [illegible]
John Govett Management (Jersey) Ltd [illegible]
INVESCO International Limited [illegible]
Jupiter Tyndall (Jersey) Ltd [illegible]
Lloyds Private Banking (CI) Ltd [illegible]
Lombard Odier (Jersey) Ltd [illegible]
Lonworld Financial Services Limited [illegible]
Management International (Jersey) Ltd [illegible]
Minerals, Oils Res. Shrs. Fd. Inc. [illegible]
Northgate Unit Tst. Mngr. (Jersey) Ltd [illegible]
Perpetual UT Mngrs (Jersey) Ltd [illegible]
The Portugal Fund Limited [illegible]
Royal Bank of Canada Intl Fd Mgt Ltd [illegible]
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd [illegible]
Schroder Mngt Services (Jersey) Ltd [illegible]
Scrimgeour Kemp-Gee Mngmt., Jersey [illegible]
TSB Trust Funds (CI) [illegible]
Warburg Asset Management Jersey Ltd [illegible]
Worldinvest (Managers) Jersey Ltd [illegible]

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds [illegible]
Abtrust Fund Mngrs Luxembourg SA (u) [illegible]
American Phoenix Investment Portfolios (u) [illegible]
BAII Intermarket Fund [illegible]
Bank Von Ernst & Cie AG [illegible]
Barclays Diversified Portfolio (z) [illegible]
Barclays Inv Funds (Luxembourg) [illegible]
CMI Asset Management (Luxembourg) SA [illegible]
Coragest SA [illegible]
Commercial Union Luxembourg SA (u) [illegible]
Cresvale Group (u) [illegible]
DB Investment Management SA [illegible]
Den norske Bank [illegible]
Disa Income Fund [illegible]
Dolphin Intl Investments (u) SICAV [illegible]
Dresdnerbank Asset Mngmt SA (u) [illegible]
E.T. Investment Management Ltd [illegible]
Eagle Star – Global Assets Fund (u) [illegible]
Egiston Global SICAV (u) [illegible]
EquiFund–Wright National Eqty Fd (u) (x) [illegible]
Fidelity Funds (u) [illegible]
Fleming Group (u) [illegible]
Foreign & Colonial Emerging Markets Ltd (u) [illegible]
Frontrunner I (u) [illegible]
Gartmore Luxembourg SA (u) [illegible]
HSBC Investment Funds Luxembourg SA (u) [illegible]
Henderson Management SA (u) [illegible]
Hypo Foreign & Colonial Port Fd Sicav(u) [illegible]
INVESCO International Limited (u) [illegible]
Jupiter Tyndall Global Fund [illegible]
Kleinwort Benson Japanese Warrant Fund [illegible]
Kleinwort Benson Select Fund (u) [illegible]
Liberty ALL-STAR World Pfolio-Eqty Fd(u) [illegible]
Lloyds Bank Luxembourg [illegible]
Midland Intl Circuit Fund SICAV(u) [illegible]
Nomura Global Fund (u) [illegible]
PRICOA Worldwide Inv Portfolio Sicav (u) [illegible]
Regent Global Fund (u) (z) [illegible]
S-E-Banken Luxembourg SA [illegible]
Sarasin Investment SICAV (u) [illegible]
Schroder International Selection Fd (u) [illegible]
Scottish Equitable Intl Fund SICAV (u) [illegible]
Sun Life Global Management Ltd (u) [illegible]
Templeton Global Strategy Funds [illegible]
Thornton Investment Management Ltd [illegible]
S.G. Warburg Asset Mngmt Lux SA [illegible]

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u) [illegible]
Alliance Capital [illegible]
Asian Development Equity Fund [illegible]
Atlantas Sicav [illegible]
BAII Intermarket Fund [illegible]
BAII (Interportfolio) [illegible]
BCL Currency Fund SICAV [illegible]
Banque Ferrier Lullin (Lux) SA [illegible]
Banque Indosuez Luxembourg [illegible]
Banque Paribas Luxembourg [illegible]
Banque Scandinave En Suisse [illegible]
CB Fund International (u) [illegible]
CSFB Umbrella [illegible]
Capel-Cure Myers Intnl Fd Sicav (u) [illegible]
Citicorp Investment Mgnt (Luxembourg) SA [illegible]
Clan European Asset Value Fund [illegible]
Clemente Korea Emerging Growth Fund [illegible]
Credis Investment Funds [illegible]

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Credis Investment Funds - Contd.

Credit Commercial de France

Credit Lyonnais Rouse (Bermuda) Ltd

Daiwa Japan Gen Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Daiwa Japan Gen	$11.17	11.34	—	-

Daiwa Japan Small Equity Fd (u)

	Bid Price	Offer Price	+ or -	Yield Gross
Daiwa Japan Small Eq	$13.47		+0.07	-

Dean Witter World Wide Invest. Tst SA

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$78.91		—	-

The Dragon Fund Sicav

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$69.60		—	-

Espirito Santo Investment Mgmt (SICAV)

	Bid Price	Offer Price	+ or -	Yield Gross
Southern European Fd	$7.33		+0.16	-

Europe Value Fund (u)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$14.34		+0.17	-

EuroOptec (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

	Bid Price	Offer Price	+ or -	Yield Gross
New Europe Fd	$14.73	15.47	+0.11	0.33

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$12.87		+0.09	-

Fleming Group

Foreign & Colonial Emerging Markets Ltd

Framlington Russian Investment Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$10.04		—	-

Gamax Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Mini-Fonds International	DM15.07		—	-

Gartmore Luxembourg S.A.

	Bid Price	Offer Price	+ or -	Yield Gross
Phoenix Fd	$19.16		—	-

Global Funds Management S.A. (u)

	Bid Price	Offer Price	+ or -	Yield Gross
World Frontier	$8.97		—	-

Global Futures & Options SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
FFM Intl Bd Progrm Sep 30	SFr99.92		-2.02	-

H.C.M. HYPO Capital Mgt Luxembourg SA

HSBC NAPT Luxembourg SA

	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Asia Pacific Tst NAV	$15.05		-0.05	-

HTR India Fund - SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
HTR India Oct 17	$9.50	10.00	—	-

International Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
CCIC A NAV	$10.94		+0.04	-

International Speciality Fund (u)

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Speciality	$7.58		—	-

INVESCO International Limited

	Bid Price	Offer Price	+ or -	Yield Gross
Asia Powerful	$21.0109	22.1200	-0.0400	-

InverSud Investment Fund SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 17	$1520.18		+21.90	-

Investissements Atlantiques SA

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 10	$38.52	38.89	—	0.3

For Israel Selection Fund see Svenska Securities

Kleinwort European Bd Fd Management SA

	Bid Price	Offer Price	+ or -	Yield Gross
European Bond	Ecu13.20		—	-

Lloyds Bank Luxembourg (u)

Lombard Odier Invest (u)

MFS International Funds

Merrill Lynch Asset Management

Morgan Stanley Sicav

Murray Universal, Sicav

NICAM Asia Pacific Umbrella Fund

Nikko Asia Convertible Bond Fund

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$92.87		-0.04	-

Nomura Rosenberg Alpha Fund Mark II

For Nort Currency Fd SICAV see BCL Currency Fd SICAV

Pacific Basin Growth Fund

Rosenberg Global Mngt Co SA (u)

Rosenberg Management SA (u)

Rosenberg US Japan Mngmt Co SA (u)

Edmond de Rothschild Group

SCI/TECH SA

	Bid Price	Offer Price	+ or -	Yield Gross
SCI/Tech NAV	$19.84		-0.02	-

Schroder (Switzerland) Fund

Scudder, Stevens & Clark

Societe Generale Group

State Street Luxembourg SA

Svenska Securities

	Bid Price	Offer Price	+ or -	Yield Gross
Israel Selection Fd NAV	$67.89		—	-

Swiss Bank Corporation

Target International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Growth Fd	$34.92		+0.11	-

Templeton Emerging Asia

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$72.05		-0.09	-

Templeton Worldwide Investments

Tower Fund

Transworld Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$11.79		+0.08	-

US Pacific Stock Fund (u)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$20.09		—	-

Unico Financial Services SA Lux

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund-SICAV (z)

	Bid Price	Offer Price	+ or -	Yield Gross
World Bond Fund	$30.42	31.94	-0.03	0.00

World Trust Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Shares NAV	$15.52		+0.29	-

Yamaichi Advanced Technology Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Advanced Tech	$23.91		—	-

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Albany International Assurance Ltd

Allied Dunbar International Assce Ltd (z)

CMI Insurance Co Ltd

Eagle Star Intl Life

Equitable Life (International)

Eurolife Assurance Group

Fiasco International Ltd

Friends Provident International

Hansard International Ltd

Isle of Man Assurance Ltd

Lebrow International Group

PanEuroLife societe anonyme

Premier Life

Professional Investment Consultants

Providence Capital International Ltd

Royal Life International

Royal Skandia Life Assurance Ltd (z)

Scottish Provident Intl Life Ass Ltd

Sun Alliance International Life

Sun Life International (IOM) Ltd

OTHER OFFSHORE FUNDS

ATSP Management Ltd

Abtrust Fund Mngrs (Guernsey) Ltd

Adig Investment

Acton Malaysian Growth Fd (Cayman) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 17	$10.4888		—	-

Alliance Capital

Allied Dunbar International Fund Mngrs (1800)F

Alpha Fund Management Ltd

Asia Pacific Capital Strategies Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 17	$8.84		—	-

Asia Pacific Securities Corp Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Indian Smaller Cos Fd Ltd	$10.03		—	-

Asiainvest Consultants Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
South East Asia (x)	$14.80	15.81	+0.11	-

Asian Convertibles & Income Fd (Cayman)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 13	$10.39		—	-

Atlantic Investment Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Class A Shares NAV Aug 31	$10.13		—	-

Aurora Funds

BEA Associates

BZW Investment Management (HK) Ltd

Julius Baer Bank & Trust Co Ltd

Bank Von Ernst & Cie AG

Banque de Gestion Privee, Paris

Bque Fr Serv & Cr/Europ Inv Mgt Ltd

Barclays Diversified Fund

Baring International Group

The Batavia Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$17.02		—	-

Bear, Stearns International Ltd

Bermuda Capital Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 28	$40.54		—	-

Bermuda Intl Invmnt Mgmnt Ltd

Blairmore Holdings Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$3.17		—	-

Bordier Funds Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Korea fd NAV Oct 21	$65.25		—	-

Bridge Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Nippon Fd	$101.82	106.44	—	-

Buchanan Fund Ltd

Butterfield Management Co Ltd

CA Securities Investment Fund Mangt Ltd

CDC International

Cameo Investment Management Ltd

Capital International

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Int. Fund	$137.28		—	-

Cathay Clemente (Holdings) Limited

Chameleon Funds Limited

Chancer Indian Investment Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Smaller Cos Pfolio Oct 14	$10.02		—	-

The China Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$10.06		—	-

For China Investment Co see Cnosy Asset

The China Invest & Development Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$10.1		-0.02	-

Citizens Investment Trust Mgt Co Ltd

Coast Asset Management Corporation

Columbus Asset Management Ltd

Cowen Enterprise Fund N.V.

Craig Drill Capital Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 30	$138.09		—	-

CreditAnstalt Investment Co (Prague) as

Credis Investment Funds

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Systemsfond Ltd	$17.420		—	-

Cresvale (Guernsey) Ltd

Crosby Asset Management Ltd

Crystal Corporation N.V.

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa International Capital Mngt (Sgp) Ltd

Daiwa Japanese Equity Warrant Fund

Delta Lloyd Bank Fund Management

Deutscher Investment-Trust

Dublin & Swiss Asset Management

Dynasty Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$1.41		—	-

EBS Overseas Fund Ltd

Eagle G-7 Mexico Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$1.02		—	-

East Asia Harmon Asset Mngt Ltd

Emcor Limited

Emerging Markets Management

Enigma Investments Ltd - Cayman

The Environmental Investment Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$10.27		—	-

Ermitage Group

Europe 1992

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$11.12		+0.08	-

S.G. Europe Obligations SA

	Bid Price	Offer Price	+ or -	Yield Gross
Europe-Obligations	$100.86		—	-

FFM / Swiss Financial Services

Fairbanks Global Capital Fund Ltd

Ferrall Management Ltd

Fidelity Investments

Financiers Atlas

Firebird Capital Management

First Investments Ltd

First Mexico Income Fund

	Bid Price	Offer Price	+ or -	Yield Gross
First Mexico Inc Oct 12	$10.69		—	-

Formosa Fund

Formosa Growth Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$17.43		—	-

France Option Fund

GBC Asset Management

GNI Fund Management (Bermuda) Ltd

The GP Taiwan Index Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 19	$7.12		—	-

GT China Growth Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$48.30		+2.77	-

GT Management Plc

Gale Currency Funds

Garantia Debt Fund

Garantia Equity Fund

Garzarelli Sector Analysis Portfolio NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$12.95		+0.08	-

Genesis Fund Managers Ltd

Gertrust SA

Global Asset Management

Global Atic Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 12	$1519.89		—	-

Global Government Plus Fund

Global Investment Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$764.81		—	-

Global Leveraged Futures Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 10	$88.85		—	-

Goldman Sachs

Green Way Guaranteed Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Aug 31	Ecu1343.57		—	-

Greystone International

Group One Limited

Group One International Tst

Guardian Global Asset Management Ltd

HSBC Asset Management (Bahamas) Ltd

Hasenbichler Asset Management GmbH

Hemmasam Hldgs NV Curacao

	Bid Price	Offer Price	+ or -	Yield Gross
Hemmasam Oct 15	$837.47	847.41	—	-

Hull Capital Corpn

	Bid Price	Offer Price	+ or -	Yield Gross
Hull Dreyson Oct 13	$121.70		—	-

IAA Limited

	Bid Price	Offer Price	+ or -	Yield Gross
Investors Shares NAV	$1695		—	-

IDF Investment & Development Financing Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
IDF Global	$93.12		—	-

The India Magnum Fund NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 7	$98.51		—	-

Indian Opportunities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Ordinary Oct 19	$10.99		—	-

Indosuez Asset Management Asia Ltd

Indosuez Brazil Fixed Income Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 7	$12940.66		—	-

Infinity Capital Corporation

	Bid Price	Offer Price	+ or -	Yield Gross
Infinity Growth NAV Oct 21	$10.2612		—	-

Integral Hedged Assets Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Integral European	$10.42		—	-

The Jaguar Fund N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 20	$367.55		-6.16	-

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Jardine Fleming Unit Trusts Ltd - Contd.

Johnson Fry Securities Ltd

Jupiter Tyndall (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Mortgage (z)	C$20.62	21.66	+0.03	9.08

KI Asia Pacific Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
KI Asia Pacific	$12.09	12.08	-0.21	-

Kingsate Global Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV (Estimated) Sep 30	$92.29		—	-

Kingdon Offshore N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$17.90		—	-

Korea China Super Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Aug 31	$10.84		—	-

Korea Intl Investment Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 17	$212.23		—	-

Korea Investment Trust Co Ltd

Lehman Brothers Oporto Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 15	$8.97		—	-

Lippo Asia Ltd

Lloyd George Management

Lloyds Bank Government Bonds

Lloyds Bank International (Bahamas) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Balanced Moderate Risk	$8.53	8.74	—	-

London Portfolio Services Group

MBV Unit Trust Managers Limited

MFS Meridian Funds

Magellan Emerging Markets Mngt (Jersey) Ltd

Magnum Funds

Mages Asset Management Ltd

Malaysia Capital Fund Ltd

Malaysia Fund (Labuan)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$18.86		—	-

Malaysia Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$17.88		—	-

Man International Futures

Mauritius Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$14.10		—	-

MeesPierson

Merrill Lynch Asset Management

Merrill Lynch Guernsey

	Bid Price	Offer Price	+ or -	Yield Gross
Indonesian Cap NAV Oct 14	$14.19		—	-

Mimiabit International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 20	$118.76		—	-

Momentum Asset Mgmt

Montgomery Emerging Markets Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$1537.79		—	-

Moore Global Investment

Morgan Stanley Emerging Market Fund

Morgan Stanley Japanese Warrant Fund NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$3.0100		—	-

National Investment Trust Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
The New Taipei Fund Ltd	$15.4076		—	-

Newport Investment Management Ltd

Nomura Warrant Fund 1990 Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$0.14		—	-

North Atlantic Management Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Compass	$10.71	11.85	—	-

North Star Fund Managers (Cayman) Ltd

Odey Asset Management Ltd

Old Ironsides International Ltd

Omega Overseas Partners Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Omega Overseas Partners Oct 20	$153.4072		—	-

Opportunity Fund

Optima Fund Management

Orbis Investment Management Ltd

Orbitex Management Ltd

ORIENT Growth Fd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$16.37		+0.09	-

Oryx Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 15	$10.31		+0.19	-

PFC Internatl Portfolio Fd Mngt Ltd

PFM Israel Growth Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Israel Growth	$8.20	8.88	+0.50	-

PFPC International Ltd

PRS International

Pacific Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$17.63		-0.09	-

Pactual

Pakistan Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 13	$9.66		—	-

Panther Capital Advisors Ltd

Pequot International Fund Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 6	$212.44		—	-

Peru Select Group of Funds Limited

	Bid Price	Offer Price	+ or -	Yield Gross
Peru 2000	$10.15		—	-

Philippine Income Fund Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 19	$9.86		—	-

Portuguese Investment Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 13	$92.7484		—	-

Private Asset Management GAM Fund Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$100.92		+0.42	-

Putnam Emerging Funds Ltd

Putnam International Advisors Ltd

Quantum Group

Real Estate Strategies Ltd

Regent Fund Management Ltd

Republic Funds

For Republic New York see Republic

Rosenwald, Rodl & Co Ltd

Royal Bank of Canada Intl Money Market Fd

Sabre Futures Fund

For Swiss Republic Holdings see Republic Funds

Schroder Investment Management Limited

Schroder Japanese Warrant Fund

Schroders Asia Limited

Schroders Australia Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Schroder Aust Sh	A$7.80	8.22	—	-

For Schroder (Switzerland) see Luxembourg (Regulated)

Scimitar Bermuda Funds

Scudder, Stevens & Clark Inc

Seahawk International Inc

	Bid Price	Offer Price	+ or -	Yield Gross
Seahawk International Inc	$221.8970		—	-

Segasper Securities (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Green Way Ltd NAV Sep 30	$19861.35		—	-

Seychelles Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jun 30	$567.7820		—	-

Shinzmal Investment Mngmt (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Opps NAV Oct 15	$17.367		—	-

Sistra Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$15.45		—	-

Sloane Robinson Investment Mngmt Ltd

Smith Barney Funds

Sodalic Asset Management Inc

Carl Spaengler KAG

	Bid Price	Offer Price	+ or -	Yield Gross
Long Term Value Trust NAV	$895.20		—	-

Springfield Fund Mngmt (Gibraltar) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Global Liquidity Fd Ltd	$102.40		—	9.86

Sri Lanka Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 19	$9.13		—	-

State Street Banque SA

Strome Offshore Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$212.65		—	-

Swiss Bank Corporation

Tabasco Fund Managers Limited

	Bid Price	Offer Price	+ or -	Yield Gross
Tabasco Fd Sep 30	$7.10		—	-

Taipei Fund

Templeton Galbraith & Hansberger Ltd

The Egerton European Equity Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 20	DM10.18		+0.05	-

For The Thai Development Capital Fd see Crosby Asset

The Thai-Euro Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$31.57		—	-

The Thai Prime Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$27.25		—	-

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 14	$48.41		—	-

Thames Currency Funds

Thornton Investment Management Ltd

Trans Global Investments

	Bid Price	Offer Price	+ or -	Yield Gross
Trans Global Investors Fd	$397.11	213.53	—	-

Triumph Global Hedge Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 17	$920.58		—	-

Ultra Carbonus Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Sep 30	$1226.40		—	-

Ultra China Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Sep 30	$983.86		—	-

Ultra Futures Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd SEP 30	$11418.12		—	-

Ultra Sector Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Sep 30	$1135.84		—	-

Ultra Telecom Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Sep 30	$874.37		—	-

Ultra Value Fund Ltd

Value Partners "A" Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Oct 18	$15.43		—	-

Valu-Trac Investment Management Ltd

The Vietnam Frontier Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV (Partly Paid) Sep 30	$4.89		—	-

The Vietnam Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Fully Paid Sept 30	$10.06		—	-

WW Capital Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$1015.06		—	-

Wellington Fd Mngrs (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intnl Growth Fd	$16.76	17.60	+0.25	-

Wells Fargo U.S. IT Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo A Shs (z)	$12.05		-0.10	-
Wells Fargo B Shs (z)	$13.94		-0.11	-

Worldwide Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Sep 30	$95.62		—	-

Xiphias International Investment Fd Ltd

Yamaichi Capital Management (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Thai Inv Fund	$22.49		+0.50	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.
(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monetaire Luxembourgeois.
Initial charge - Charge made on sale of units.
Cancellation price - The minimum redemption price.
Bid price - Redemption price.
Offer price - Issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols.
(9) - 0001 to 1100 hours
(♦) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours
(●) - 1701 to midnight.
H - Historic pricing
F - Forward pricing
h - Distribution free of UK taxes
p - Periodic premium insurance plans
s - Single premium insurance.
u - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities)
x - Offered price includes all expenses except agent's commission.
z - Previous day's price.
§§ - Guernsey gross.
♦ - Yield before Jersey tax.
† - Ex-subdivision.
‡ - Only available to charitable bodies
ф - Yield column shows annualised rates of NAV increase.
xd - Ex-dividend.

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Oct 21 / US$) (3 pm)

[illegible]

CANADA (Oct 21 / Can. $) (3 pm)

[illegible]

EUROPE

AUSTRIA (Oct 21 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Oct 21 / Frs.)

[illegible]

DENMARK (Oct 21 / Kr)

[illegible]

FINLAND (Oct 21 / Mks)

[illegible]

FRANCE (Oct 21 / Frs.)

[illegible]

GERMANY (Oct 21 / Dm.)

[illegible]

ITALY (Oct 21 / Lire)

[illegible]

NETHERLANDS (Oct 21 / Fls.)

[illegible]

NORWAY (Oct 21 / Kroner)

[illegible]

SPAIN (Oct 21 / Pts.)

[illegible]

SWEDEN (Oct 21 / Kroner)

[illegible]

SWITZERLAND (Oct 21 / Frs.)

[illegible]

AFRICA

SOUTH AFRICA (Oct 21 / Rand)

[illegible]

PACIFIC

JAPAN (Oct 21 / Yen)

[illegible]

AUSTRALIA (Oct 21 / Aust$)

[illegible]

HONG KONG (Oct 21 / H.K.$)

[illegible]

MALAYSIA (Oct 21 / MYR)

[illegible]

SINGAPORE (Oct 21 / S$)

[illegible]

INDICES

		Oct 21	Oct 20	Oct 19	1994 High	1994 Low
Argentina						
General (29/12/77)	(u)	19902.78	20113.00		25470.40 16/2	17758.90 20/4
Australia						
All Ordinaries(1/1/80)		2034.6	2016.3	2013.4	2340.60 3/2	1957.40 27/6
All Mining(1/1/80)		1077.8	1060.9	1056.1	1138.10 3/2	904.80 5/5
Austria						
Credit Aktien(30/12/84)		378.32	390.03	393.38	460.66 2/2	378.32 21/10
Traded index(2/1/91)		1021.80	1054.80	1062.37	1222.25 1/2	1011.36 6/6
Belgium						
BEL20 (1/1/91)		1363.01	1372.92	1378.38	1542.65 9/2	1338.39 7/10
Brazil						
Bovespa (29/12/83)	(u)	47245.0	47587.0		55110.00 13/9	3800.90 3/1
Canada						
Metals Minls♦(1975)	(u)	4278.02	4242.97		4278.02 20/10	3298.08 20/4
Composite♦ (1975)	(u)	4319.80	4320.80		4603.90 23/3	3959.90 24/6
Portfolio§§ (4/1/83)	(u)	2083.03	2078.64		2182.89 1/2	1868.48 28/6
Chile						
IPGA Gen (31/12/80)	(u)	5560.3	5679.2		6879.20 19/10	3801.20 4/4
Denmark						
CopenhagenSE(3/1/83)		347.88	349.03	347.64	415.79 2/2	339.11 7/10
Finland						
HEX General(28/12/90)		1944.5	1951.4	1957.5	1972.00 4/2	1601.10 3/1
France						
SBF 250 (31/12/90)		1237.88	1251.21	1256.84	1595.20 2/2	1237.88 21/10
CAC 40(31/12/87)		1842.09	1867.37	1876.31	2355.93 2/2	1833.72 6/10
Germany						
FAZ Aktien(31/12/58)		765.75	780.22	779.44	859.27 18/5	742.84 5/10
Commerzbank(1/12/53)		2180.7	2221.1	2218.5	2465.50 2/5	2118.30 5/10
DAX (30/12/87)‡		2022.22	2069.35	2051.16	2271.11 16/5	1960.59 7/10
Greece						
Athens SE(31/12/80)		832.55	832.12	837.54	1194.58 18/1	808.87 25/5
Hong Kong						
Hang Seng(31/7/64)		9338.59	9368.78	9320.06	12201.09 4/1	8368.44 4/5
India						
BSE Sens.(1979)		4310.52	4281.99	4329.47	4628.57 12/9	3484.00 5/1
Indonesia						
Jakarta Comp.(10/8/82)		514.97	518.76	518.97	612.89 5/1	449.72 12/7
Ireland						
ISEQ Overall(4/1/88)		1821.62	1835.48	1836.75	2082.16 20/1	1684.14 1/7
Italy						
Banca Comm Ital (1972)		617.49	618.97	621.60	817.17 10/5	589.95 10/1
MIB General (4/1/94)		1000.0	1002.0	1007.0	1318.00 10/5	944.00 10/1
Japan						
Nikkei 225 (16/5/49)		19899.06	19891.90	19888.67	21552.81 13/6	17369.74 4/1
Nikkei 300 (1/10/82)		288.93	290.72	288.34	311.71 13/6	288.22 4/1
Topix (4/1/68)		1578.94	1588.71	1580.47	1712.73 13/6	1445.97 4/1
2nd Section (4/1/68)		2228.39	2252.64	2254.23	2542.55 6/7	1873.33 4/1
Malaysia						
KLSE Comp.(4/4/86)		1114.42	1124.39	1118.86	1314.46 5/1	928.33 4/4

		Oct 21	Oct 20	Oct 19	1994 High	1994 Low
Mexico						
IPC (Nov 1978)	(u)	2743.36	2750.13		2881.17 8/2	1957.33 20/4
Netherland						
CBS TtlRtnGen(End 83)		427.3	430.1	430.9	454.90 31/1	406.30 21/6
CBS All Shr (End 83)		268.4	270.1	270.6	284.80 31/1	257.90 21/6
New Zealand						
Cap. 40 (1/7/86)		2061.57	2067.29	2061.66	2439.84 3/2	1946.51 11/7
Norway						
Oslo SE(Ind)(2/1/83)		1063.86	1068.58	1086.33	1211.10 28/2	980.91 21/6
Philippines						
Manila Comp (2/1/85)		3084.80	3077.12	3099.34	3308.37 4/1	2507.33 9/3
Portugal						
BTA (1977)		2894.2	3077.1	2894.2	3228.80 18/2	2812.80 20/6
Singapore						
SES All-S'pore(2/4/75)		561.36	580.48	577.63	641.61 4/1	523.39 4/4
South Africa						
JSE Gold (28/9/78)		2350.0¶	2329.0	2325.0	2534.00 7/9	1749.00 14/2
JSE Indl. (28/9/78)		6624.0¶	6611.0	6505.0	6757.00 16/5	5446.00 19/1
South Korea						
KoreaCmpEx(4/1/80)**		1095.34	1088.77	1094.76	1113.29 18/10	855.37 2/4
Spain						
Madrid SE (30/12/85)		293.14	296.08	296.53	358.31 31/1	288.07 5/10
Sweden						
AffarsvarldnGen (1/2/37)		1457.20	1463.9	1457.6	1603.90 31/1	1334.70 6/7
Switzerland						
Swiss Bk Ind (31/12/58)		1166.82	1178.54	1174.71	1423.34 3/1	1157.97 18/7
SBC General (1/4/87)		894.99	902.66	901.53	1059.28 31/1	888.07 5/10
Taiwan						
WeightedPr.(30/6/66)**		6639.78	6761.37	6689.10	7191.13 30/9	5194.83 19/3
Thailand						
Bangkok SET (30/4/75)		1522.48	1521.61	1501.42	1753.73 4/1	1198.69 4/4
Turkey						
Istanbul Cmp (Jan 1986)		24803.4	24927.0	24894.2	28883.60 13/1	12980.70 24/3
WORLD						
MS Capital Int (1/1/70)§		634.6*	637.3	637.8	644.00 2/9	591.60 4/4
CROSS-BORDER						
Eurotrack 100(26/10/90)		1304.75	1324.22	1322.21	1540.19 31/1	1288.48 5/10
Euro Top-100 (26/6/90)		1157.50	1172.19	1168.35	1311.01 2/2	1136.48 5/10
JCapeDrgns (31/12/88)	(u)	336.24	334.30		395.19 5/1	290.26 21/3
Barings Emerg.(7/1/92)	(u)	187.55	187.19		191.79 26/9	141.85 21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Oct	1854.0	1851.0	-23.0	1864.0	1838.0	25,025	26,844
Nov	1884.0	1858.5	-23.5	1869.5	1846.0	1,298	2,217
Dec	1873.0	1868.0	-23.0	1875.5	1860.0	1,208	25,415

Open interest figures for previous day.

** Sat Oct 15 Taiwan Weighted Price 6695.47; Korea Comp Ex 1096.48. Base values of all indices are 100 except Australia All Ordinary and Mining - 500, Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7, JSE 26 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Oct 21 - 2016.60 -31.55

US INDICES

Dow Jones	Oct 21	Oct 20	Oct 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3911.15	3938.04	3917.54	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	95.81	96.33	96.24	105.81 (21/1)	95.90 (20/10)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1511.39	1523.50	1508.21	1862.29 (2/2)	1438.50 (8/10)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	180.00	181.58	181.32	227.06 (3/1)	175.85 (20/9)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3954.89 (3958.25) Low 3873.13 (3887.93) (Theoretical♦)
Day's high 3941.76 (3949.50) Low 3894.86 (3901.05) (Actual♦)

Standard and Poors	Oct 21	Oct 20	Oct 19	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	466.85	470.28	467.66	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials¶	555.32	558.79	565.84	569.83 (15/9)	510.05 (21/4)	580.83 (15/9/94)	3.62 (21/6/82)
Financial	43.14	43.58†	43.38	48.94 (14/6)	41.39 (4/4)	48.40 (28/9/93)	3.84 (1/10/74)
NYSE Comp.	258.54	258.32	257.25	267.71 (2/3)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	457.76	458.26	458.72	487.89 (2/2)	422.67 (26/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	768.24	770.62	764.81	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Oct 14	Oct 7	Sep 30	Year ago
Dow Jones Ind. Div. Yield	2.71	2.79	2.76	2.81
	Oct 19	Oct 12	Oct 5	Year ago
S & P Ind. Div. yield	2.36	2.37	2.43	2.42
S & P Ind. P/E ratio	21.11	20.91	20.33	28.51

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Dec	467.30	466.55	-1.85	467.80	465.40	87,536	217,519
Mar	469.50	468.50	-2.00	469.50	468.50	2,608	11,640
Jun	-	472.30	-	-	472.30	376	2,611

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Gen Motors	13,051,000	43⅛	-3⅜
IBM	5,211,700	75¼	-⅜
Compaq	4,775,200	38⅜	+1⅜
Pet Inc	3,610,600	17⅜	-1⅜
Kimberly Clrk	3,185,800	52¾	-5
Gen Inst	3,111,200	29⅝	+1⅝
Ford Motor	2,973,700	28¾	-⅝
Gen Elec	2,973,500	49	-1¼
Chrysler	2,810,100	46⅜	-⅜
Fingerhut	2,789,700	18½	-5¼

■ TRADING ACTIVITY

● Volume (million)	Oct 20	Oct 19	Oct 18
New York SE	326.093	316.688	259.689
Amex	19.547	18.523	18.194
NASDAQ	333.906	316.311	281.623
NYSE			
Issues Traded	2,878	2,893	2,877
Rises	889	1,112	868
Falls	1,493	1,018	1,306
Unchanged	696	763	703
New Highs	48	58	32
New Lows	99	80	78

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1994. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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WORLD STOCK MARKETS

AMERICA

New weakness of $ weighs on Dow

Wall Street

US stocks suffered more losses yesterday morning as investors nervously eyed the worrisome developments in the bond and foreign exchange markets, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 22.88 lower at 3,888.27, while the more broadly based Standard & Poor's 500 was down 2.11 at 464.74.

But the level of the declines obscured the breadth of the market's downturn. On the NYSE, losers outpaced gainers by more than two to one. Volume was a moderate 179m shares by early afternoon.

In other leading markets, the Nasdaq composite was 2.47 weaker at 765.77, while the American composite was off 2.05 at 455.71.

The Dow industrials opened sharply lower, following through on the previous session's 25-point downturn. Renewed weakness in the dollar, which was hovering near its postwar lows against the yen and D-mark, inspired a new round of selling on the US Treasury market.

That pushed the yield on the benchmark 30-year government issue through 8.00 per cent, an important technical barrier, where it remained for most of the morning. Near midday, bonds recovered a little and yields receded.

The slight improvement enabled stocks to retrace some of their losses, but the majority remained mired in negative territory with a sour mood dominating. By early afternoon, the Dow industrials were near the day's worst levels.

The stream of third-quarter earnings news which had poured into Wall Street earlier this week slowed yesterday.

Mobil, the first of the big oil groups to release results, posted net income of $1.29 a share, about 7 cents above the consensus forecast of analysts, and the stock added just $¼ to $81¼.

General Motors continued to suffer the consequences of a disappointing third-quarter performance, revealed on Thursday. The car maker's shares fell a further $1⅞ to $41¼ after Salomon Brothers cut its full-year earnings estimate on the company.

Kimberly-Clark dropped a further $1⅞ to $50⅝, bringing its losses over two days to nearly 12 per cent. Yesterday Brown Brothers Harriman downgraded the stock, citing lower-than-expected earnings in Europe.

In the technology sector, Silicon Graphics was a bright spot: its stock jumped $3⅞ to $28⅞ on news that its net income improved nearly 60 per cent from the 1993 quarter.

On the Nasdaq, Summit Technology was marked up $3½ to $36 after a Food and Drug Administration advisory committee issued a conditional recommendation to approve the company's laser treatment for short-sightedness.

Snapple Beverage surged $2¾ to $14¾ on speculation that either Coca-Cola or PepsiCo would launch a takeover bid.

Canada

Toronto dipped at midday, pressured by easing consumer products, precious metals and transportation stocks, but trading was subdued. The TSE 300 composite index lost 17.83 to 4,301.94 at noon in turnover of 20.1m shares. The consumer products group fell 1.0 per cent as Seagram eased C$⅜ to C$41¼ and Cott fell C$1 to C$15¼ after a downgrade by Lehman Brothers.

The transportation sector lost 0.8 per cent and precious metals were 0.7 per cent lower.

Brazil

Shares in São Paulo were down 3.6 per cent at midsession as investors reacted to the government's announcement on Thursday of new measures aimed at tackling inflation and restricting the inflow of foreign funds into Brazil.

The Bovespa index was off 1,710 at 45,535 by 1 pm in light turnover of R$153m ($179.4m).

Telebras preferred dropped 4.7 per cent to R$40.

EUROPE

Bourses shiver as US T-bond yield tops 8%

As the yield on US T-bonds went over 8 per cent again yesterday, bourses shivered and Mr Albert Edwards at Kleinwort Benson said that the US economy was growing "way out of control", *writes Our Markets Staff.*

US inflation was only at mid-trend after its rise from zero to over 3 per cent so far this year, Mr Edwards maintained; the yield on treasuries could rise sharply in the near term, he said, and European financial markets remained vulnerable.

FRANKFURT analysts made some attempts to relate share price movements to the economic fundamentals – an M3 growth rate slightly above expectations, the weak dollar and its effect on export margins – but this was mostly talk, as chemicals and financials moved back to the forefront in the sector rotation process.

The Dax index fell 47.73 to 2,022.22 on the session, down 4 per cent over five days after a 7.3 per cent rise in the previous week. In the post-bourse, the Ibis-indicated Dax hit 2,007.19 before closing 35.55, or 1.5 per cent low at 2,016.606. Turnover fell from DM7.4bn to DM7bn.

Big post-bourse losers included Allianz, Deutsche Bank and Bayernhypo in financials, and BASF and Hoechst in chemicals, all with falls in the 2 to 3 per cent range.

FT-SE Actuaries Share Indices

Oct 21 — THE EUROPEAN SERIES

Hourly changes	Open	11.00	11.30	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1311.85	1311.68	1310.65	1310.44	1309.68	1306.32	1302.97	1304.75
FT-SE Eurotrack 200	1372.35	1371.91	1370.51	1369.94	1368.98	1366.11	1361.97	1361.84

	Oct 20	Oct 19	Oct 18	Oct 17	Oct 14
FT-SE Eurotrack 100	1324.22	1322.21	1333.52	1343.00	1350.17
FT-SE Eurotrack 200	1381.88	1379.60	1389.14	1400.87	1404.65

Base 1000 (26/10/90); Highday: 100 - 1312.57; 200 - 1373.01 Lowday: 100 - 1302.84 200 - 1361.81 † Partial

PARIS closed a disappointing week with a further fall as the market was depressed by German and US data, which led some institutional investors to fear that further interest rate rises could be imminent. The CAC-40 index finished down 25.28 at 1,842.09, off 4.7 per cent on the week.

Générale des Eaux lost FFr21, or nearly 5 per cent, to FFr425 as investors reacted with disappointment to its 5 per cent rise in first half profits, while Eurotunnel, which had suffered from negative publicity following breakdowns of its Eurostar trains, put on FFr1.55 to FFr17.55 on bargain-hunting.

AMSTERDAM had options volatility to contend with along with outside influences that beset the continent in general. The AEX index finished down 3.52 at 399.85, after a low of 397, for a loss on the week of 2.2 per cent.

Nedlloyd was among the worst performers on the day, off 4 per cent at Fl 48.90, following news that the EU commission had blocked an agreement between 15 shipping companies in transatlantic container trade. Analysts said that this would mean that shipping rates would come down, with a consequent effect on company earnings.

Gist-Brocades, the consumer goods group, lost 50 cents to Fl 44.40, in line with the market trend, and in spite of an upgrade by James Capel. The broker put out a buy note following the company's announcement at the end of September that it was to get out of the US yeast market, in which it had been fighting a losing battle with domestic producers since 1988. This, said Capel, was a brave decision and meant that the group could concentrate on pursuing its interests in growth markets, particularly in emerging economies such as India, Egypt and Mexico.

ZURICH continued the retreat that has taken the market 3.0 lower over the week in a consolidation after last week's gains and in the face of the weak dollar. The SMI index fell 22.3 to 2,508.6, prompting the expectation that next week could see it around the 2,480 level at which it found support during early July and at the start of this month.

The banking sector continued lower, with UBS bearers down another SFr6 to SFr1,139 and CS Holding losing SFr9 to SFr529.

Hoare Govett recommended a switch from UBS to the relatively weak CS Holding which it saw as a fundamentally undervalued, high quality investment with very positive earnings growth prospects.

Roche certificates lost SFr85 to SFr5,590, taking their loss over the week to 5.9 per cent following the mine month figures on Monday.

MILAN was again depressed by speculative selling of Fiat and the Comit index lost 1.49 to 617.49, taking the week's loss to 2.7 per cent.

UBS commented that domestic institutions were still reported to be overweight in Italy and serious buying was unlikely until the BCI index approached the 580 level. Foreign investors were staying well away and were unlikely to return until the political scene became brighter.

Fiat finished L50 easier at L6,030, having picked up from a day's low of L6,030.

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Industrials advanced for the eighth straight day as good demand continued to drive prices higher. The overall index rose 32 to 5,775, industrials picked up 13 to 6,624 and golds advanced 21 to 2,350 after bullion's overnight gains.

Structure and finances depress Madrid stocks

Tom Burns analyses the bolsa's lack of enthusiasm

The fact that the Spanish market has fallen this year is of comparatively little concern to investors who have seen the same story elsewhere in Europe. What worries them is its slow, and apparently unenthusiastic response when other bourses are on the recovery tack.

One reason is that Madrid's bolsa has been pushed back to the periphery. It is no longer exotic, a label which stirred interest in the late 1980s, when Madrid was a sustained target for funds. The bolsa is now altogether too well known as small, narrow and illiquid.

On a conventional valuation basis, employing price earnings ratios and yields relative to the bond market, Spanish equities are cheap; but valuation alone is not enough to propel a market which is seeing plenty of special pleading for its rivals.

By the same token first half corporate results in Spain have been good, with at least 50 per cent in line with most estimates, and some 20 per cent coming out above expectations. In general, earnings have not been disappointing and Spanish companies, thanks in part to more liberal labour market laws, are looking trimmer than they have done for a long time.

"But," says Mr Robert Maxwell of Madrid brokers Maxwell and Espinosa, "you are getting far more upside on earnings in France, Germany and the UK than in Spain."

The bolsa's notorious lack of industrial stocks makes it particularly vulnerable in at times when investors sniff a rally. "We are looking for results surprises and for cyclical upturns and Spain does not fit into our strategy for Europe right now," says Ms Alexandra Perricone of London's James Capel.

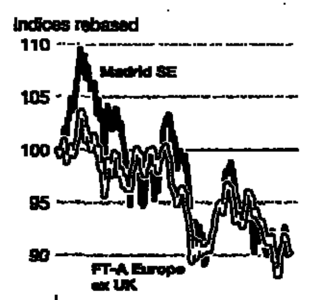
Although Capel has remained remained neutral over Spain since the spring, with a weighting of 6 per cent in its European portfolio, its strategists now think that underweighting in the second and third quarters of the year might been more advisable.

A second reason for the bolsa's persistent gloom is that the government is doing little, or at least not nearly enough, to whet investors' appetites.

The 1995 budget, which is currently before parliament, has Spain's GDP growing at 2.8 per cent next year, against 1.7 per cent this year, but it makes only a timid use of such expansion to tackle the public deficit. The austerity sentiment is there for the Economy ministry forecasts a reduction in the deficit from 6.7 per cent of GDP this year to 5.9 per cent in 1995; but it is at best lukewarm.

More worrying still is the threat of inflation that darkens the Spanish landscape and with it the fear of an interest rate rebound. If Spain failed to tame inflation this year, ask analysts, how can it be expected to do so next year?

Spain



Source: Datastream

In spite of very low growth for the first half of this year, depressed domestic demand for all of the 12 months, historically low wage settlements representing salary increases of below 3.5 per cent and persistently very high unemployment, Spain's headline inflation is expect to end 1994 at between 4.2 and 4.5 per cent against the initial target of 3.5 per cent for this year.

A 3.5 per cent inflation rise has been chalked in again for next year and, unsurprisingly, the sceptics are out in force, particularly because there will be a major change in the composition of the GDP. According to next year's budget, growth will be domestic demand led and exports will contribute a mere 0.1 per cent to the forecast 2.8 per cent GDP rise against the 1.6 per cent that exports contributed this year.

Analysts are concerned about a string of inflationary factors which have been built into and around the 1995 budget: a 1 per cent, across the board rise in Value Added Tax which, according to the Bank of Spain, will technically increase the CPI by 0.85 per cent; additional tax rises on tobacco, alcohol and fuel as well as raised telephone charges; a fall in employers' social security contributions which unions will seek to recuperate in wage demands; a deflation of personal income tax rates and witholdings; an indexation of civil servant pay and of pensions.

"It would appear that if the government wanted to write inflation increase worries into Spain's economy next year, it could not have gone about it better," said one foreign bank economist in Madrid.

Utilities, consequently, are being downgraded because the interest cycle is perceived to have turned; the jury is out on the banks, the other large component of a bolsa portfolio.

The fact that growth next year will be domestic-led is of little comfort to Spanish investors, for there are precious few consumer spending stocks; the retailer, Cortefiel has been a welcome addition this year. It is easier in Spain to spot and to buy into the export sensitive companies.

Where, then, is the good news to be found?

A more cheerful theme, highlighted recently by Baring International Investment Management, is that Spain has been wrongly put in the same bag as Italy and Sweden. This is a mistake, according to Baring's Ms Kate Munday, because "when you look at the details Spain does not have a funding problem".

The lesson from such a perception is that in Spain's case, the bond market has over-reacted. Baring, which is betting on the Spanish bond market's recovery, has moved from being underweight to be being neutral in Spain.

ASIA PACIFIC

Nikkei and region recover from early blows

Tokyo

While the upsurge in the yen against the dollar discouraged investors, share prices managed to recoup some of their early losses thanks to index buying and the Nikkei finally closed with moderate losses, *writes Emiko Terazono in Tokyo.*

The 225 average fell 92.82 to 19,899.08, a fraction down on the week, after opening at a high of 19,933.79, and hitting a low of 19,784.86 in the afternoon. Volume totalled 240m shares against 270m.

The Topix index of all first section stocks fell 9.77 to 1,578.94 while the Nikkei 300 lost 1.79 to 288.93. Declines led advances by 738 to 250 with 186 unchanged and, in London, the ISE/Nikkei 50 index fell 2.69 to 1,296.48

High-technology stocks were hit by the strength of the yen. NEC lost Y10 to Y1,280 and Hitachi declined Y7 to Y990. Matsushita Electric Industrial, which issued its Y200bn convertible bond yesterday, was hit by supply concerns and lost Y30 to Y1,580, its fourth consecutive decline. Sega Enterprises extended its losing streak to seven trading days, falling Y220 to Y4,630.

Drug companies were lower on reports of a cancer drug with critical side effects, and those named in the reports plunged. Daiichi Pharmaceutical fell Y70 to Y1,450 and Yakult lost Y80 to Y1,550.

The Tokyo Stock Exchange suspended Tsumura, a Chinese medicine manufacturer, on reports that the company had fabricated Y1.9bn in sales over three years to 1992. Tsumura denied the report later. Other drug issues were also hit with Fujisawa Pharmaceutical down Y50 to Y1,060.

In Osaka, the OSE average fell 129.38 to 22,141.94 in volume of 25.5m shares. Nintendo, the video game maker, fell Y150 to Y5,300.

Roundup

Further strength was seen in many of the Pacific Rim markets.

SEOUL was higher in a technical rebound following falls in the previous two days, but news of the bridge collapse, with the loss of 48 lives hit the construction sector hard.

The composite index added 6.57 to 1,095.34, but was 0.7 per cent lower on the week.

Dong Ah Construction, builders of a bridge that collapsed, went limit down, losing Won1,600 to Won38,400. The news depressed other construction companies, leaving the construction sub-index 5.65 lower at to 595.75.

TAIPEI made another strong gain to bring its rise on the week to more than 4 per cent. The weighted index closed up 1.2 per cent in heavy trading at 6,839.78., Turnover was T$108.6bn.

Low-priced textiles attracted most buying, with Shinkong Fibre rising by the 7 per cent limit to T$25.80. Steels rose sharply on good profit prospects, with Kao Hsing Chang and First Copper & Iron both limit up to T$28.10 and T$28.30.

HONG KONG bounced off lows in late afternoon trade as American and Japanese investors began buying the heavily weighted HSBC, ahead of next week's expiry of the October futures contract. The Hang Seng Index closed 50.19 lower at 9,338.59 after seeing an intraday low of 9,291.08. The index fell 2.7 per cent over the week.

HSBC rose 50 cents to HK$90.25 and its Hang Seng Bank unit added 25 cents to HK$55.50.

SINGAPORE property shares provided a fillip to an otherwise dull market and the Straits Times Industrials index closed 4.80 lower at 2,377.45, little changed on the week.

DBS Land rose 20 cents to a new high of S$5.20 following speculation that it would soon launch a property sale at more than S$1,000 per square feet.

SYDNEY closed broadly higher, helped by a rebound in futures prices amid expectations of an interest rate rise in the near future.

The All Ordinaries index rose 18.3 to 2,084.6, for a week's gain of 1.4 per cent.

Speculation continued to focus on when the Reserve Bank would lift interest rates. Brokers commented that the rate rise was expected in the next few days, but if it did not emerge the market might fall back on disappointment.

Fairfax rose 11 cents to A$2.80 after the newspaper group said that it intended to expand its interests into the electronic and digital technology sector.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY OCTOBER 20 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY OCTOBER 19 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	169.80	0.5	155.41	104.46	132.56	153.26	0.3	3.62	168.93	154.70	103.74	131.82	152.76	189.15	149.36	154.29
Austria (16)	185.57	-0.8	169.84	114.17	144.87	144.81	-1.0	1.11	187.09	171.33	114.89	145.96	146.23	198.89	167.46	182.13
Belgium (37)	171.81	-0.3	157.24	105.70	134.12	130.88	-0.2	4.21	172.27	157.77	105.79	134.42	131.20	177.04	149.33	151.80
Canada (103)	137.46	0.1	125.80	84.56	107.31	134.88	0.3	2.51	137.28	125.72	84.30	107.12	134.50	145.31	120.54	130.21
Denmark (33)	261.74	0.4	239.55	161.03	204.33	209.08	0.3	1.42	260.67	238.71	160.07	203.40	208.39	275.79	230.27	237.39
Finland (24)	198.17	0.4	181.37	121.92	154.71	191.85	0.1	0.73	197.40	180.78	121.22	154.03	191.67	198.17	118.85	121.06
France (101)	168.59	-0.3	154.30	103.72	131.61	138.12	-0.4	3.19	169.12	154.88	103.86	131.97	138.65	185.37	159.34	167.08
Germany (58)	145.84	0.7	133.48	89.73	113.86	113.86	0.7	1.82	144.84	132.65	88.95	113.02	113.02	150.40	128.37	135.16
Hong Kong (56)	380.98	0.9	348.68	234.38	297.43	377.95	0.8	3.29	377.64	345.85	231.91	294.68	374.64	508.56	341.29	354.34
Ireland (14)	209.65	0.2	191.88	128.98	163.67	184.88	0.2	3.43	209.18	191.57	128.46	163.23	184.28	218.60	171.66	174.49
Italy (69)	78.21	0.7	71.58	48.11	61.06	89.45	0.7	1.75	77.63	71.10	47.67	60.58	88.85	97.79	57.88	71.12
Japan (468)	163.61	0.4	149.73	100.65	127.72	100.65	0.6	0.76	162.85	149.23	100.06	127.15	100.06	170.10	124.54	153.17
Malaysia (97)	559.52	0.5	512.07	344.22	436.80	549.06	0.6	1.53	556.51	509.65	341.75	434.25	546.07	621.63	430.71	455.34
Mexico (18)	2277.54	1.1	2084.39	1401.15	1777.98	8485.11	0.8	1.20	2253.82	2064.02	1384.06	1758.66	8431.28	2647.08	1686.28	1796.62
Netherland (19)	217.18	-0.2	198.77	133.61	169.55	166.78	-0.2	3.46	217.66	199.34	133.67	169.85	167.07	219.75	187.01	194.35
New Zealand (14)	74.29	0.5	67.99	45.70	57.99	64.35	0.3	3.78	73.95	67.72	45.41	57.70	64.17	77.59	59.22	64.10
Norway (23)	208.30	0.4	190.64	128.15	162.62	184.71	0.4	1.79	207.38	189.92	127.35	161.82	183.96	211.74	165.52	185.10
Singapore (44)	395.01	0.7	361.52	243.02	308.38	268.23	1.0	1.57	392.20	359.17	240.85	306.04	265.54	396.92	294.68	327.31
South Africa (59)	342.00	1.4	313.00	210.40	266.99	294.52	0.8	2.18	337.12	308.73	207.02	263.05	291.79	342.00	202.72	218.72
Spain (38)	142.78	0.0	130.67	87.84	111.46	135.20	-0.1	4.10	142.78	130.77	87.69	111.42	135.31	155.79	128.88	143.59
Sweden (36)	240.83	0.9	220.41	148.16	188.01	255.70	0.5	1.57	238.78	218.68	146.64	186.33	254.56	240.83	175.63	203.75
Switzerland (47)	166.77	-0.2	152.62	102.59	130.19	128.96	0.1	1.88	167.05	152.98	102.58	130.35	128.83	178.56	143.64	146.37
United Kingdom (204)	201.83	0.1	184.71	124.17	157.57	184.71	0.1	4.12	201.57	184.60	123.79	157.29	184.60	214.96	181.11	190.70
USA (515)	190.63	-0.7	174.48	117.27	148.81	190.63	-0.7	2.85	192.04	175.87	117.93	149.85	192.04	196.04	178.95	189.96
EUROPE (709)	173.91	0.1	159.17	106.99	135.77	149.39	0.1	3.11	173.67	159.05	106.65	135.51	149.21	178.58	154.79	161.47
Nordic (115)	233.74	0.7	213.92	143.80	182.47	211.90	0.3	1.40	232.23	212.68	142.61	181.21	211.15	239.74	173.19	191.68
Pacific Basin (747)	172.72	0.5	158.08	106.26	134.84	111.41	0.6	1.08	171.95	157.46	105.60	134.16	110.75	178.86	134.79	160.41
Euro-Pacific (1456)	173.10	0.3	158.42	106.49	135.13	128.71	0.4	1.94	172.56	158.02	105.97	134.64	128.21	175.14	143.88	160.74
North America (618)	187.32	-0.7	171.44	115.24	146.23	186.77	-0.7	2.84	188.64	172.76	115.84	147.20	188.07	192.73	175.67	186.27
Europe Ex. UK (505)	155.21	0.1	142.05	95.49	121.17	128.69	0.1	2.50	154.98	141.93	95.17	120.93	128.50	158.12	135.94	142.56
Pacific Ex. Japan (279)	261.81	0.7	239.61	161.07	204.39	232.64	0.7	2.61	260.06	238.16	159.70	202.93	231.13	296.21	230.10	230.65
World Ex. US (1636)	175.19	0.3	160.34	107.78	136.77	130.59	0.4	1.96	174.59	159.89	107.22	136.23	130.07	176.85	145.58	161.36
World Ex. UK (1947)	177.09	-0.1	162.07	108.95	138.25	145.49	0.0	2.07	177.18	162.26	108.81	138.26	145.49	178.59	165.96	167.87
World Ex. So. Af. (2092)	178.22	-0.1	163.10	109.64	139.13	148.00	0.0	2.27	178.32	163.30	109.50	139.14	148.01	180.03	158.54	169.66
World Ex. Japan (1683)	189.71	-0.2	173.63	116.71	148.10	177.46	-0.2	2.90	190.13	174.12	116.76	148.36	177.89	195.20	176.34	180.67
The World Index (2151)	179.28	0.0	164.07	110.29	139.95	149.08	0.0	2.27	179.34	164.24	110.13	139.94	149.06	180.80	158.85	169.89

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Latest prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Domecq	540	38½	-	-	1	-	-
(*575)	560	3½	-	-	17½	-	-
Argyll	260	9	19	27	2	14	18
(*266)	280	2	9	17½	15½	25	29½
ASDA	60	4½	7	9	1	3½	5
(*63)	70	1	2½	5	8	9	11
Brit Airways	360	19½	31	42	1½	13½	18½
(*376)	390	2	15½	27½	16	28	34½
Smith Bchm A	390	31	38	45½	1	9½	15½
(*418)	420	5½	22	25½	6½	22½	29
Boots	500	34	42½	56	1	8½	16½
(*535)	550	1½	16	29	21	35	40½
BP	390	18½	30½	36½	1½	11	17
(*406)	420	3	14½	23½	16	26½	32½
British Steel	140	20	23	28	1	3½	5
(*158)	160	2½	10	16½	4½	10½	13
Bass	500	38	45½	56½	1	16	19½
(*532)	550	2	16½	26½	22	43½	47½
Cable & Wire	390	16½	32	44	2½	18	26
(*401)	420	1½	16½	30½	23	35	41½
Courtaulds	420	21½	33	44	1½	13½	18
(*439)	460	1	14½	25	23	35½	39½
Comm Union	493	35½	40	55	1	8½	18½
(*525)	543	1½	10½	28	21½	31½	46
ICI	800	18	40	63	5	28	45½
(*813)	850	1½	25	38	41½	54½	74
Kingfisher	460	24½	43	58	1½	13½	22
(*481)	500	2½	19½	35½	21	32½	41
Land Secur	600	14½	29	41½	3	19	22
(*610)	650	1	8½	19½	42	51½	53
Marks & S	420	5	20½	31	4½	17	22
(*421)	460	1	5½	14½	40½	44½	48
NatWest	480	32	47½	55	1	11½	24
(*489)	500	3½	24	32½	14½	28½	45
Sainsbury	390	9	26½	36½	4½	19½	24½
(*394)	420	1	12½	23	25½	37	41½
Shell Trans.	700	7½	31	38	8	22	35
(*700)	750	1	18	18½	52½	54½	67½
Storehouse	200	19½	24½	26½	1	4½	8½
(*217)	220	3	12	17	5½	13	17½
Trafalgar	80	7	10½	13	1½	4½	8
(*85)	90	1	5½	7½	7½	9½	12
Unilever	1100	37	62	79	3	24	39½
(*1130)	1150	4½	34½	52	26	49	65½
Zeneca	800	41	67½	77½	1½	16½	31½
(*837)	850	5	37	49½	18½	38	58½
Option		Nov	Feb	May	Nov	Feb	May
Grand Met	390	23½	33½	46½	6½	18½	22
(*404)	420	7½	18½	28½	22½	35	38
Ladbroke	140	15	22	24½	2½	6	9
(*151)	160	4	11½	15	12	15½	20½
Utd Biscuits	280	24½	33½	37½	3½	6½	14
(*298)	300	11½	22	28	10½	16	24½
Option		Dec	Mar	Jun	Dec	Mar	Jun
Fisons	110	13½	17½	22	5½	7½	9½
(*118)	120	8	13	17	10½	13	14½
Option		Nov	Feb	May	Nov	Feb	May
Brit Aero	460	30½	49½	58½	18	30	39
(*469)	500	13	31½	38½	43	53	62
BAT Inds	420	18½	33	38½	9	17½	28½
(*427)	460	4	15	21½	37	42	53½
BTR	300	15½	26	38	6½	12	18½
(*307)	330	3½	11½	16½	23	29½	36½
Brit Telecom	360	28	32½	38	2½	9	13
(*383)	390	8	14½	22	14	24½	27½
Cadbury Sch	420	26	36½	43½	4½	10½	19½
(*438)	460	8	17½	23	27½	31	41
Eastern Elec	700	58½	70	85½	9½	26½	35½
(*736)	750	21	42	60	31½	49	59½
Guinness	460	13	27	34	9½	17½	26½
(*461)	500	2½	11½	16½	42	45	52
GEC	280	8½	15	21	7½	14	17
(*280)	300	3	7	12½	22	26½	26½

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Hanson	220	8	14	17	5½	11½	14
(*222)	240	2½	5½	8½	19	24	27
Lasmo	134	16½	-	-	2	-	-
(*149)	154	5½	-	-	9½	-	-
Lucas Inds	180	18	24	28	2½	6½	10
(*193)	200	6½	12½	17	11½	15½	20
P & O	550	53½	67½	78	4	13	24
(*595)	600	18½	36	47	21	32	47
Pilkington	180	14½	18	24	3	7	10½
(*190)	200	4	8	14	13½	18½	21½
Prudential	300	12	22½	25½	8	14	22
(*302)	330	2½	9½	12½	30	33	41
RTZ	850	31	56½	67	14½	29	47
(*861)	900	9½	32	43	46	57	74½
Redland	460	17	34	42	13	22½	36½
(*461)	500	4	17	25	42½	47	63
Royal Insce	260	26½	29	35	5	12	17½
(*272)	280	9	18	25	15	21½	28
Tesco	220	19	25½	30½	3	6½	12
(*234)	240	6½	13½	19½	12	17	21½
Vodafone	200	10	17	22½	6½	13	16
(*203)	217	3½	9½	-	17½	22½	-
Williams	325	16½	-	-	5½	-	-
(*334)	354	4	-	-	23½	-	-
Option		Oct	Jan	Apr	Oct	Jan	Apr
BAA	500	7	21½	33	6	18	24
(*500)	525	1	11½	21½	26½	35	38½
Thames Wtr	500	20½	32	45	2	19	24
(*516)	550	1	11	23	36	49½	53
Option		Dec	Mar	Jun	Dec	Mar	Jun
Abbey Natl	390	30½	38½	42½	8½	19	24½
(*405)	420	13	23	28	23½	35½	41
Amstrad	25	3½	4½	5½	1½	3	3½
(*28)	30	1½	2½	3½	5½	6½	7
Barclays	550	40½	54	61½	12½	25½	33
(*571)	600	14½	28	37½	38	52½	60½
Blue Circle	280	17	28	31½	11	15	25½
(*283)	300	8	16½	22½	22½	26½	37
British Gas	280	15½	24	28½	8½	14	19½
(*284)	300	6½	14½	19	19½	24	31
Dixons	180	22	26½	31½	5½	10½	13½
(*194)	200	11	15½	21	14	20½	24
Hillsdown	160	16½	21½	24	4	6½	11
(*173)	180	6½	11	13½	14	16½	22½
Lonrho	130	10½	14½	17½	6	11	12
(*132)	140	6	10½	13	11½	16½	17½
Natl Power	460	34	45½	57	12	19	28½
(*481)	500	14	25½	37	32½	39½	49½
Scot Power	330	32½	40½	46½	8½	18	21½
(*349)	360	15½	25½	33	23½	33	36½
Sears	100	12	14½	16	2	4½	6
(*107)	110	5½	8	11	6	9	12
Forte	220	21½	28	31½	5	8½	13½
(*233)	240	9	18	20½	14½	17	23½
Tarmac	120	13	18	22	5½	8½	12½
(*126)	130	7½	13	17	11	14	17
Thorn EMI	950	61½	77	100	14	28½	38
(*986)	1000	31	46½	70	34	53	60½
TSB	220	13½	18	22½	9	18	19
(*221)	240	5½	9½	14	23	29	32
Tomkins	200	16½	22½	28	6	10½	13½
(*207)	220	6½	13	18½	16½	22	24½
Wellcome	600	60	67	98	11	23½	33½
(*650)	650	36½	58	70	30½	44½	56½
Option		Oct	Jan	Apr	Oct	Jan	Apr
Glaxo	550	41½	61½	72½	1	14½	28
(*588)	600	4	32	45	16½	35½	52½
HSBC 75p shs	700	15½	51	64	8	34	57½
(*706)	750	1½	30	42	46	64	87½
Reuters	450	13	-	-	3½	-	-
(*459)	483	5½	-	-	8½	-	-
Option		Nov	Feb	May	Nov	Feb	May
Rolls-Royce	160	13	23	26½	2½	5½	9
(*174)	180	5½	12	15½	11	14½	19

* Underlying security price. Premiums shown are based on closing offer prices.
October 21, Total contracts: 46,511 Calls: 20,077 Puts: 26,434

FT GOLD MINES INDEX

	Oct 20	% chg on day	Oct 19	Oct 18	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	2304.73	+1.1	2278.24	2263.85	1997.48	1.86	2867.40	1762.02
Regional Indices								
Africa (16)	3711.87	+0.7	3685.94	3662.51	2791.43	3.72	3985.94	2304.45
Australasia (7)	2901.34	+0.4	2891.14	2867.88	2241.10	1.57	3013.89	2161.17
North America (11)	1798.81	+1.6	1770.99	1758.85	1735.97	0.75	2039.65	1468.11

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Oct 21: 290.9 ; day's change: +7.7 points; Year ago: 221.0 † Partial. Latest prices were unavailable for this edition.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	13	51	7	80	226	49
Other Fixed Interest	0	2	12	3	5	62
Mineral Extraction	37	81	78	214	381	405
General Manufacturers	49	222	366	438	834	1,913
Consumer Goods	14	70	103	164	263	508
Services	28	142	325	290	554	1,631
Utilities	8	27	10	89	77	59
Financials	21	164	180	260	625	940
Investment Trusts	12	266	187	218	707	1,400
Others	13	80	19	123	304	127
Totals	195	1,105	1,287	1,879	3,956	7,094

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	October 10	Expiry	January 12
Last Dealings	October 21	Settlement	January 26

Calls: ACT, Aminex, Eurotunnel, Shoprite, VideoLogic. Puts: ACT, First Nat Fin, VideoLogic.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	0.68	8½	4	APTA Wmts.	5	+½	-	-	-	-
-	F.P.	9.15	73	63	Artesian Ests.	68	-2	-	-	-	-
-	F.P.	1.30	1½	1	Cont'l Foods Wrts	1¼		-	-	-	-
63	F.P.	12.2	68	65	Ennemix	67		RN0.71	5.3	1.3	8.4
115	F.P.	39.1	126	115	Games Workshop	126		RN4.8	2.2	4.6	11.9
-	F.P.	2.33	35	28	Group Dv Cap Wts	28	-1	-	-	-	-
-	F.P.	29.5	62	59	Hambros Sm Asian	59	-1	-	-	-	-
-	F.P.	2.80	30	28	Do Warrants	28		-	-	-	-
180	F.P.	17.6	195	176	Mackie Intl	183	+2	RN8.0	2.2	4.1	7.5
180	F.P.	421.4	181	164	Man ED & F	164	-5	RN6.6	1.6	6.6	9.0
-	F.P.	338.0	488	475	Prolific Inc.	480		-	-	-	-
135	F.P.	58.7	149	136	Servisair	146	-3	RN3.6	1.3	3.3	23.7
-	F.P.	112.6	379	360	Templeton E New	364	-4	-	-	-	-
-	F.P.	11.6	212	187	Do. Wts. 2004	187	-4	-	-	-	-
-	F.P.	8.01	60	57	Whitchurch	60	+2	RN1.25	3.0	2.6	12.5
-	F.P.	28.3	360	340	Wrexham Water	340		-	-	-	-
-	F.P.	4.74	330	320	Do. NV	320		-	-	-	-

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
17	Nil	2/12	2pm	¼pm	APTA Health	¼pm	
118	Nil	28/11	20pm	8½pm	Cattles	11pm	
¼p	Nil	25/11	¼pm	¼pm	Dragon Oil	¼pm	
500	Nil	18/10	60pm	24pm	Reckitt & Colman	60pm	
180	Nil	9/12	15½pm	9pm	Sidlaw	9pm	-2
k330p	Nil	29/11	59pm	45pm	Smurfit (J)	45pm	-2
75	Nil	14/11	5pm	1½pm	World of Leather	1½pm	

FINANCIAL TIMES EQUITY INDICES

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Yr ago	*High	*Low
Ordinary Share	2333.7	2356.2	2357.0	2373.9	2400.4	2409.5	2713.6	2240.6
Ord. div. yield	4.41	4.37	4.36	4.33	4.29	3.85	4.51	3.43
Earn. yld. % full	6.29	6.22	6.22	6.18	6.12	4.47	6.61	3.82
P/E ratio net	18.30	18.50	18.51	18.64	18.82	26.20	33.43	16.94
P/E ratio nil	17.84	18.03	18.04	18.17	18.35	26.00	30.90	17.09

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2347.5	2342.2	2332.1	2336.6	2332.6	2333.4	2326.3	2323.7	2331.6	2347.5	2322.9

	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Yr ago
SEAQ bargains	22,025	23,005	20,146	21,758	23,946	34,422
Equity turnover (£m)†	-	1407.3	1154.7	1018.1	1078.5	1645.1
Equity bargains†	-	25,686	22,838	24,970	26,871	36,521
Shares traded (m)†	-	556.1	502.4	478.6	436.3	618.6

†Excluding intra-market business and overseas turnover.

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FINANCIAL TIMES
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EU averts budget crisis with compromise on fines

By David Gardner in Brussels

European Union finance ministers reached a compromise yesterday over fines due from Italy for cheating on its milk production quota.

The settlement resolves the crisis over the union's planned budget increase and means that enlargement, due to bring in Austria, Finland, Sweden and Norway next year, can proceed according to plan.

It should also avoid a disruptive delay in the appointment of a new European Commission next January, which will include nominees from the four candidate member states, assuming referendums in Sweden and Norway back EU entry.

Failure to proceed with the expansion from 12 to 16, and, as a knock-on effect, to achieve European Parliament ratification of the new Commission, could have paralysed the union.

The crisis arose because Italy had refused to ratify the increase in EU revenue agreed two years ago unless it was let off part of its fines for exceeding the milk quota. Spain, one of the main beneficiaries from increased union spending, in turn said it would not ratify enlargement unless the revenue decision was adhered to.

Germany, currently president of the EU and the greatest enthusiast for expanding the union, effected a compromise that increased the level of fines on Italy, and to a lesser degree Spain, for breaking quota targets.

Under EU rules, total liability for both countries should have been Ecu4.3bn ($3.38bn), but the Commission had halved that to Ecu2.1bn, provoking the UK to appeal to the European Court of Justice, and prompting outright opposition from the Netherlands and Denmark.

Total fines on the two were set yesterday at Ecu3.2bn, of which Italy will pay Ecu1.9bn in four equal instalments between 1995 and 1998.

Significantly, ministers did not vote on yesterday's deal. Mr Theo Waigel, the German finance minister chairing the meeting, merely announced unanimous support for proceeding with the revenue increase, and the required majority for the milk quota compromise.

That enabled the Dutch and Danes to claim they were outvoted. The UK had been concerned that an overt vote, in which the Netherlands and Denmark stuck to their guns, and the British government appeared to cave in, would leave it vulnerable to criticism from Euro-sceptic MPs over the revenue increase.

An ebullient Mr Kenneth Clarke, UK Chancellor, insisted "there was never a snowball's chance in Hades of getting over Ecu4bn", in fines even if Britain had won its court case. "Three birds in the hand are worth four in the bush," he said, underlining that Ecu3.2bn was the largest refund to the union budget ever set.

Unease at N Korean nuclear agreement

By Frances Williams in Geneva, John Burton in Seoul and George Graham in Washington

The US and North Korea yesterday signed an agreement to defuse nuclear tension in the Korean peninsula in spite of signs of international reservations about the wisdom of providing financial aid and advanced technology to a country that continues to flout the Nuclear Non-Proliferation treaty.

The board of the International Atomic Energy Agency will meet in Vienna next Tuesday to discuss what it considers the "troublesome precedent" set by the accord under which Pyongyang will freeze and then dismantle its nuclear programme.

The agency is concerned that there will be a delay of several years before the agency can have full access to North Korea's nuclear sites, putting it in non-compliance with the treaty.

Many South Koreans have also expressed reservations about the pact because it is felt the US has made too many concessions to the North. In a recent South Korean opinion poll almost 60 per cent opposed the deal.

In the US, the opposition Republican party was quick to complain that the Clinton administration was rewarding North Korea for its violations of the non-proliferation treaty.

The framework document signed yesterday in Geneva outlines steps to be taken by each side, starting with the freeze by North Korea of its existing nuclear programme and a halt to the construction of two 200MW and 50W graphite-moderated nuclear reactors.

The US will begin to form an international consortium – known provisionally as the Korean Energy Development Organisation – to organise and finance the $4bn (£2.5bn) construction programme for the two 1,000MW light-water reactors. South Korea will have a dominant role, with help from Japan.

But it will be five years before North Korea is obliged to open all its nuclear waste sites to inspection and the year 2003 before it has dismantled installations.

The US will also reduce trade and telecommunications barriers and establish a liaison office.

IAEA grapples with deal, Page 3

THE LEX COLUMN

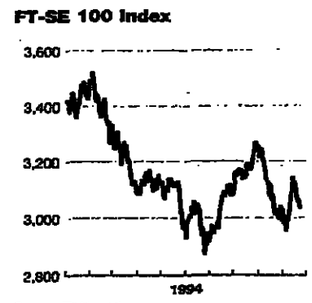
Sharing the pain

Equities have had a bad week. Yesterday's troubles stemmed from the overnight slide in the dollar and Treasury bond weakness. Earlier in the week, the culprit was faster-than-expected growth in retail sales. While both factors are real enough, they need to be seen in context. Retail volumes do, indeed, appear to be growing rapidly but prices are subdued. There is little reason to think inflation is running out of control. Furthermore, yesterday's gross domestic product figures suggest that the economy is slowing down to the sort of rate that should keep inflationary pressures at bay for some time.

The dollar's problems are harder to sweep aside. Not only is there a direct impact on the earnings of companies with large US subsidiaries; the accompanying rise in Treasury bond yields has had a knock-on effect on gilts. With gilt yields rising, one would have to be extremely optimistic about dividends to expect shares to remain unscathed. While dividends should grow at about 10 per cent both this year and next, it is hard to argue that such a pace can be kept up after that if inflation really is under control.

The best hopes for equities are therefore either that the dollar recovers or that gilts break their link with Treasury bonds. At some point, one might expect the UK to be rewarded for its fiscal and monetary correctness by a further narrowing of the yield spread between gilts and Treasuries. But sceptical investors will probably wish to wait at least until next month's Budget to reassure themselves that the chancellor's virtue has staying power.

FT-SE Index: 3032.8 (-30.4)



Source: FT Graphite

Japanese brokers

Yesterday's half-year results from the top 20 Japanese broking houses were as grim as predicted. Only two reported year on-year-increases in earnings, while 16 posted losses. The primary cause was poor trading volumes on the Tokyo stock exchange. At the bubble's height, turnover regularly exceeded Y1,000bn a day. But during the first half of 1994, average volumes scarcely reached Y360bn. The collapse hit second-tier brokers particularly hard because equity commissions generate an especially large proportion of their revenues.

The outlook is bleak. With domestic and foreign investors put off by uncertain prospects for the economy and corporate sector, the market's chances of reaching the brokers' predicted daily volumes of Y550bn during the second half remain remote.

Brokers have responded by cutting costs with an alacrity unusual among Japanese companies. Numbers employed by the industry have fallen nearly 20 per cent since June 1991. Even so, more radical solutions are required to reduce capacity and increase demand. The traditionally cautious ministry of finance may be tempted to create an orderly and gradual rationalisation through mergers. That is the minimum requirement. Abolition of Tokyo's system of fixed commissions, which keeps transaction costs artificially high, could achieve more. In the short term, margins would be reduced. But in the longer term deregulation would encourage greater efficiency and boost trading.

Brewers

Shares in the UK's leading brewers held their ground this week in spite of the fall in the overall market. This burst of out-performance reflected hopes of a wave of mergers leading to rationalisation of the industry.

Rationalisation is clearly desirable. There is 25 per cent overcapacity in the sector and price pressures are intense. Taking out capacity would give a reduced number of brewers scope for improving margins. They would be able to cut production and distribution costs and push through increased prices. An opportunity for such a shake-up may present itself if Foster's Brewing Group – currently reviewing its commitment to the UK – decides that it should sell Courage. Were Scottish & Newcastle to emerge as the buyer for the UK's second-biggest brewer, as rumoured in the market, the move could prompt Allied Domecq to extract itself from its Carlsberg-Tetley joint venture. Such concentration would significantly boost the industry's profitability.

The government would be bound to look askance at any merger between S&N and Courage, since the new entity would have a combined market share of 32 per cent. But that does not mean they should shrink before even testing the political water. A review of the competition regime, five years after the introduction of the "Beer Orders" limiting brewers' ownership of pubs, is overdue. An S&N move on Courage would be a welcome catalyst to change in the sector and oblige the government to take a fresh look at the broader competition issues.

UK pay

Yesterday's rejection of an 7.5 per cent, two-year pay offer by Jaguar workers appears to provide swift support for the Confederation of British Industry's warning about rising labour costs. Even if the Jaguar workers' specific worry about overtime makes it a special case, there are clear signs that wage growth is picking up. The Jaguar offer follows the recent 10 per cent, two-year deal at Rover. While settlements in manufacturing have attracted most attention, several large retailers have also agreed hefty increases.

Even so, judging by the official statistics there is little cause for alarm. Though there is quite strong real wage growth, pay increases in manufacturing are still being outstripped by productivity growth with the result that unit labour costs are declining. But there are concerns that the headline pay agreement numbers tend to understate the increase in total labour costs. Moreover, the likelihood that the increase in employment is being under-recorded would mean that productivity growth is not as strong as it looks.

In any case, improvements in productivity should start to slow as the cycle progresses. Meanwhile, companies like Rover, which cut out all the slack in the recession, are having to recruit again and an increasing number complain about skills shortages. That is not to say that rising wages will feed through swiftly into inflation. But they will put further pressure on corporate margins, already squeezed by higher raw materials costs and stagnant output prices.

Howard backs green lobby against holiday village plan

By Michael Skapinker, Leisure Industries Correspondent

Mr Michael Howard, the home secretary, is backing environmentalists' calls for a public inquiry into a plan by the Rank Organisation to build a £100m holiday village in Kent.

Rank says the proposed village, which would be built in 300 acres of woodland near Folkestone, would bring 1,000 jobs to an area of high unemployment.

It is strongly supported by the area's local councils, one of which voted overwhelmingly earlier this month back the project.

However, local environmental objectors have received the support of the Countryside Commission and the Council for the Protection of Rural England. The commission is opposed to the project because it is in an area designated as being of outstanding natural beauty.

Rank, which also owns the Butlins' holiday camps, says the village would be screened from public view and noise from the site would be inaudible to local residents.

The village, built on land purchased from the Forestry Commission, would be a family resort similar to those built elsewhere by Center Parcs. It would have an 18-acre lake, a covered water area, a golf course and 840 accommodation units.

Mr Michael Stickland, the project's director, said that although residents would be deprived of access to the 300 acre site, Rank proposed to open up 750 acres of nearby woodland.

Kent county council's planning sub-committee said last month that the economic benefits of the project outweighed the environmental impact. The council is jointly controlled by Labour and the Liberal Democrats.

Shepway district council, which is Liberal Democrat-controlled, also decided earlier this month to back the project by 41 votes to eight.

Although the district council is the planning authority for the area, the project still has to be approved by Mr John Gummer, the environment secretary.

However, Mr Howard, who is MP for Folkestone and Hythe, has urged the Environment Department to hold a public inquiry into Rank's proposals. In a statement during the summer, Mr Howard said he had stressed to the Environment Department "the widespread opposition which exists to the proposals".

Mr Stickland said he feared that a drawn-out public inquiry would reduce the commercial viability of the project. He said the lack of support for the village was in strong contrast to the government's provision of £58m to encourage Samsung to build a factory in Cleveland.

Dollar rally

Continued from Page 1

recent weakness has adversely affected other US financial markets.

Investors are increasingly worried that the US Federal Reserve has not moved quickly enough to raise interest rates and slow the growth of the US economy. The Fed is not expected to raise rates before the US congressional elections on November 8.

Jaguar workers reject 7.5% offer

Continued from Page 1

workers accepted the pay element of the negotiated offer, which increases their basic rate by 3.5 per cent from November 1 this year. Next November, the company would pay a further 4 per cent or an increase equivalent to the retail price index, whichever is greater. But the unions and the company believe workers dislike the requirement to work "compulsory" overtime on top of their basic 37-hour week. Under the proposed deal, employees would have been expected to work overtime "should it become necessary to meet operational needs and/or maximise efficiency".

Both sides are keen to avoid industrial conflict. Jaguar said it believed there was still room for manoeuvre. A senior TGWU official added that the union was confident that a settlement could be reached. The offer also guaranteed no compulsory redundancies, provided the workforce continued to back efficiencies, and greater security of earnings where workers have to be laid off. Workers would have to accept new working practices to make Jaguar more competitive.

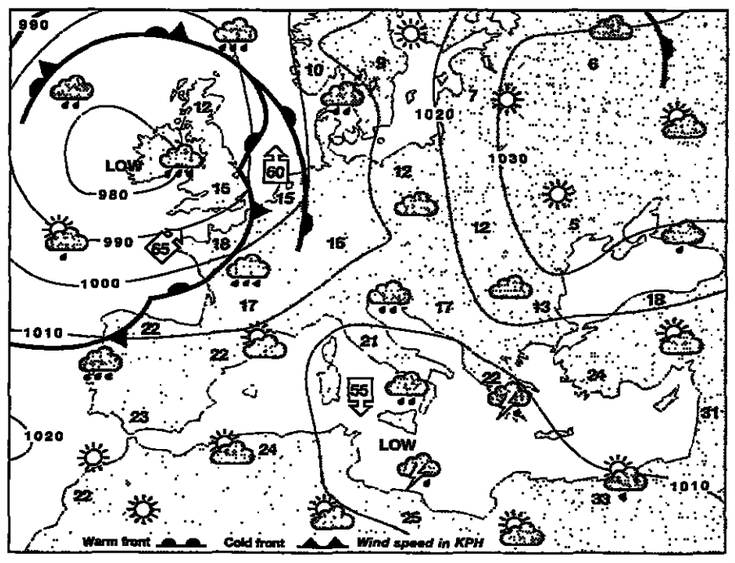
FT WEATHER GUIDE

Europe today

North-western regions will be mild with cloud and rain. Heavy rain is expected, especially in France and the southern North Sea, while the British Isles will have rain and some clear spells. Winds will increase to gale force on the west coast of France and over the Channel. Rain over the Mediterranean will move east. Heavy rain and some local flooding is expected in Greece. Southern Italy will have rain, while southern France and northern Italy will be clear. Central Europe will remain dry and sunny with a breeze. Northern Russia will be cloudy with outbreaks of rain and sleet.

Five-day forecast

Scandinavia's dry, sunny spell will end. The North Sea region will be unsettled but mild. It will be much colder later in the week. Showers over the Mediterranean will move to Turkey after the weekend. Heavy rain is expected in Greece.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius															
			Beijing	sun	17	Caracas	thund	31	Faro	fair	23	Madrid	fair	19	Rangoon	fair	32
			Belfast	rain	13	Cardiff	shower	15	Frankfurt	rain	17	Majorca	sun	23	Reykjavik	sun	6
Abu Dhabi	sun	34	Belgrade	fair	13	Casablanca	sun	22	Geneva	fair	17	Malta	rain	22	Rio	thund	28
Accra	cloudy	30	Berlin	fair	14	Chicago	rain	20	Gibraltar	sun	23	Manchester	shower	14	Rome	thund	24
Algiers	fair	24	Bermuda	fair	28	Cologne	rain	17	Glasgow	rain	13	Manila	thund	30	S. Frsco	fair	19
Amsterdam	rain	15	Bogota	cloudy	20	Dakar	sun	30	Hamburg	rain	16	Melbourne	fair	21	Seoul	fair	16
Athens	rain	23	Bombay	fair	33	Dallas	fair	31	Helsinki	sun	7	Mexico City	fair	24	Singapore	rain	31
Atlanta	thund	25	Brussels	rain	17	Delhi	sun	31	Hong Kong	sun	24	Miami	thund	29	Stockholm	sun	10
B. Aires	fair	21	Budapest	cloudy	8	Dubai	sun	34	Honolulu	fair	30	Milan	fair	16	Strasbourg	shower	17
B.ham	shower	14	C.hagen	cloudy	11	Dublin	rain	13	Istanbul	shower	19	Montreal	shower	16	Sydney	shower	19
Bangkok	fair	33	Cairo	fair	33	Dubrovnik	shower	22	Jakarta	fair	32	Moscow	sun	7	Tangier	sun	22
Barcelona	fair	21	Cape Town	fair	18	Edinburgh	rain	13	Jersey	rain	15	Munich	cloudy	15	Tel Aviv	sun	33
									Karachi	sun	36	Nairobi	cloudy	26	Tokyo	fair	24
									Kuwait	sun	31	Naples	rain	22	Toronto	fair	17
									L. Angeles	sun	24	Nassau	thund	30	Vancouver	cloudy	12
									Las Palmas	sun	25	New York	sun	19	Venice	fair	16
									Lima	cloudy	21	Nice	sun	19	Vienna	cloudy	9
									Lisbon	shower	22	Nicosia	fair	29	Warsaw	sun	7
									London	rain	17	Oslo	rain	5	Washington	sun	20
									Lux.bourg	rain	15	Paris	rain	16	Wellington	rain	17
									Lyon	fair	19	Perth	shower	19	Winnipeg	shower	8
									Madeira	fair	24	Prague	sun	9	Zurich	fair	16

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Weekend FT

SECTION II

Weekend October 22/October 23 1994

Howe – and why Europe ravaged the Tories

*The ultimately explosive nature of the Thatcher-Howe relationship is explained by ex-chancellor **Lord Lawson** in a review of Howe's book*

Conflict of Loyalty, *by Geoffrey Howe. (Macmillan, £25. 736 pages).*

Geoffrey Howe has completed the last major ministerial memoir of the Thatcher era, a substantial book by a substantial political figure. After Margaret Thatcher it was Geoffrey Howe, her first chancellor and longest-serving Foreign secretary, who played the most pivotal role in that remarkable decade. Always readable, warmly human, and characteristically fair-minded, it is an essential document for future historians.

A fine mind, intellectual conviction, courage, integrity, tenacity, resilience, great courtesy allied to driving ambition, and a voracious appetite for work – he tells us that he needed, like his prime minister, only four hours' sleep a night – combined to make Geoffrey Howe a formidable minister.

It was his courage and resilience in the face of the most appalling pressures that most contributed to his success as chancellor. In that period, he is perhaps best remembered for his brave 1981 Budget, which increased taxation by £4bn, in terms of 1981 money, at the very pit of a recession considerably deeper than the one through which we have recently passed.

The 1981 Budget came to be seen, along with the Falklands conflict in the following year, as the watershed in the political fortunes of the Thatcher government. Not only did it coincide with the end of the economic downturn, and the start of what was to prove an unusually prolonged upswing, but its success confounded the government's critics and threw them into disarray.

In his book, Howe is able to debunk the subsequent myth that the Budget was not really his (and his Treasury colleagues') at all, but one imposed on him by Number 10.

No similar climacteric punctuated his time as Foreign secretary, where his patient diplomatic skills were often employed to great effect. Geoffrey came to love the Foreign Office and his work abroad as Foreign secretary. The problem lay at home, in the tension between himself and Margaret Thatcher, which became evident quite early on but which steadily grew in intensity. That increasing tension, which ultimately led to his explosive resignation from her government, is the sub-theme of this book.

According to Geoffrey, the deterioration in equality of the Thatcher-Howe partnership occurred "not, I think – at least initially – for personal reasons but largely because of Margaret's profound antipathy for the [Foreign] Office".

There is, of course, much truth in this; but it is not, I think, the whole truth. Margaret Thatcher certainly regarded the Foreign Office as irredeemably wet, if not actually on the side of the foreigners. But there was a personality problem, too – and one which went beyond, although it was compounded by, their unfortunate personal chemistry.

Geoffrey Howe is no wimp. He was, for example, and rightly, an early and persistent hawk on the trade union issue, which loomed so large during the 1970s and early 1980s. But it remains the case that his political philosophy, as his own account repeatedly shows, is one based on the values of consensus, compromise and "balance"; on a pronounced distaste for what he describes as theological absolutes; and in which the ultimate accolade for any particular stance is that it is "non-doctrinaire".

The difference between this and Margaret Thatcher's approach to government needs no underlining. Moreover, Geoffrey's commitment to compromise, consensus, and "balance" is held with a passionate intensity. He refers at one point, for example, to "the heady, irresponsible, rhetoric of free collective bargaining" and has an instinctive revulsion against immoderate rhetoric of any kind.

He was to find what he saw as the crudeness of much of Margaret Thatcher's rhetoric increasingly distasteful.

This is linked with his fondness for Balfour's dictum that "democracy is government by explanation". Certainly, an important part of the art of government in a democracy is for the government to explain to the people precisely what it is doing and why. At the end of the day, it knows that it will be judged not primarily by its intentions but by the results. Geoffrey's interpretation of the Balfour dictum, however, goes further than this, embracing extensive consultation and discussion of every kind, both before and after decisions are taken. Hence, for example, his devotion, more than once declared in this book, to the late (and to my mind, unlamented) National Economic Development Council. He goes so far as to refer to "the value of NEDC as a generator of economic innovation and understanding" – a description which, as a chairman of the NEDC for more than six years, and with the best will in the world, I find difficult to recognise.

More generally, in the real world, the search for assent before a policy is put in place can often become a recipe for inaction – indeed, in the modern world of compulsive leaks, even "confidential" discussion among colleagues has to be handled with considerable care if it is not to constitute an impediment to action.

Thatcher was right to recognise that the art of governing successfully in a democracy requires strong leadership; and strong leadership cannot allow quite as high a value to the search for consensus, compromise and "balance" as Geoffrey does, any more than it can afford his expansive interpretation of the need to explain. Sadly, she came to take this recognition too far, and, as Howe accurately chronicles, towards the end, her style of government became increasingly, and damagingly, uncollegiate, secretive, authoritarian and strident. But I have to say that my own practical preference is for the style of the early Thatcher years, rather than that of the more civilised Geoffrey Howe – which is perhaps why he accurately describes our close relationship as that of "firm friends, if never soulmates".

Nevertheless, there was enough common ground between Thatcher and Howe, in terms both of shared beliefs (at one point he describes himself as a "proto-Thatcherite", which in one sense he was) and shared experiences, to have made their differences of philosophy and character a strength rather than a problem, just as the rather greater differences between the personalities and outlooks of Thatcher and Willie Whitelaw, former Conservative party chairman, made his counsel all the more valuable to her and to the government.

That this was not so can be attributed to a number of factors. There was the bad chemistry, as incontrovertible as it was inexplicable, which led Thatcher to treat Howe, in personal terms, in a way that became increasingly intolerable. There was also the fact that, while he kept his very different instinctive approach to issues fairly well disguised when under siege by common enemies at the exchequer, once translated to the Foreign Office his profound commitment to compromise, consensus, and "balance", chiming as it did so well with the departmental ethos, became increasingly apparent.

It may be, too, that she believed that he was scheming to supplant her – as she knew Willie would not and could not do. Most prime ministers, if they are long enough in office, eventually come to believe they are being conspired against. As is clear from this book, if Margaret Thatcher did believe this she was *mistaken. Certainly, as Geoffrey* Howe makes clear, he wanted to succeed her as prime minister, but he never plotted to supplant her.

But the most important contributory factor to the increasingly sour and ultimately explosive nature of the Thatcher/Howe relationship was almost certainly their differing views on Europe – the issue over which Geoffrey was to resign, and the issue which continues to ravage the Conservative Party in government today.

It is true that he had very nearly resigned more than a year earlier.

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The Long View/**Barry Riley**

Knowing your limits

Unlimited liability used to be a curiously old-fashioned sign of a gentlemanly way of doing business. Now it simply looks like an open invitation to ungentlemanly litigants. With the current flotation of several more corporate vehicles for Lloyd's, including Wellington Underwriting and Matheson Lloyd's Investment Trust, following the earlier group of investment trusts launched last year, it appears as though these limited liability vehicles will account for more than a fifth of total capacity at the troubled London insurance market in 1995.

Before many years have gone by it is likely that the unlimited liabilities assumed by names for the past centuries will have become a thing of the past. Many names have, of course, simply been wiped out. The luckier ones will wonder why they should ever take such risks again.

So much for an ancient tradition – and good riddance too, many ruined gentlefolk will say. But willingness to back your skill and your reputation with your entire fortune is a highly laudable feature of any financial community. It served the City of London well for centuries. Now, however, unlimited liability is disappearing from Lloyd's as it largely disappeared from the Stock Exchange a decade ago.

The professions are going the same way: one of the biggest accountancy firms, KPMG Peat Marwick, believes it has found a way to incorporate its UK auditing business with limited liability. The well-advised partners at Peats have no intention of suffering the fate of the less well-served Gooda Walker names.

Unlimited liability was once much more widespread, for instance among merchant banks – but Baring Brothers, for example, incorporated a century ago after its rescue by the Bank of England. Today odd pockets of unlimited liability still cling on – at the US investment bank Goldman Sachs, and top stockbrokers Cazenove.

Unlimited liability outlived its relevance in the big global markets many years ago, when the potential risks began to multiply and US lawyers began to sharpen their teeth. However, it has persisted because of the privileges it has bestowed and, in the case of Lloyd's, because the risks were not understood, at any rate by the Names.

The main attraction has been lack of disclosure. The penalty for the privilege of limited liability is that your financial affairs must be revealed to your actual or potential creditors. Limited companies must pay for expensive annual statutory audits – paradoxically conducted until now by secretive partnerships of auditors who shrink from public disclosures. There have also been tax advantages.

Lloyd's expanded steadily in the post-war years because of its plethora of tax and currency loopholes at a time when wealthy Britons paid 98 per cent income tax on investment income, and were trapped by foreign exchange controls.

In the same period, London Stock Exchange firms thrived as unlimited partnerships so long as the securities markets were closely controlled, with fixed commissions and a clublike rulebook. Even the jobbers, who accepted position risk in a way that the brokers did not, traded satisfactorily in a sheltered environment. Once the markets were opened to international competition, however, the risks multiplied.

Why did Lloyd's not see the same problem coming? An important problem was the existence of a layer of agents between the risk-bearers (the Names) and the market. There was a breach of trust and immense losses resulted. Now, many ruined Names will suffer the final insult that they will be unable to participate in the return of the Lloyd's market to profit.

Lloyd's last reported a profit (of £509m) in 1991, in respect of 1987, on the three-year accounting system. Then came the losses, reaching over £2bn for each of 1990 and 1991. Of course, not *all* syndicates made substantial losses. There has been a flight to quality, with the 400-odd syndicates of 1990 likely to dwindle to 150 or less by 1995.

The corporate capital is obviously being attracted to the best syndicates. Lloyd's results will anyway have improved out of recognition in the past couple of years, with the insurance cycle turning round (although it may now be past its peak). New capital should make a good return so long as it is successfully ring-fenced from the past problems of Lloyd's, largely related to asbestosis and pollution.

But the year-old Lloyd's investment trusts, of which there are about a dozen, have failed to shine so far. The big attraction is that the capital can work twice over – yielding a normal investment return but also a second profit from backing the insurance risk. Yet the Lloyd's market remains under a suspicion. There continue to be fears that the ring-fencing from the "old years" will be breached, and Lloyd's 1995 solvency test might yet prove a tough hurdle.

The kind of unprecedented claims through the US courts that sank so many Names have also threatened the big firms of accountants. Most are open to various claims of negligent auditing from aggrieved investors.

It was an anomaly that accountants should have retained unlimited liability as they grew over decades from small beginnings to global firms' auditing multinational corporations. As with Lloyd's, the risks grew out of proportion to the available wealth. A prominent American firm, Laventhal & Horwath, actually ceased trading in 1990, and others remain threatened. Most of the Big Six US firms have become Delaware limited liability partnerships during the past few months.

All this, no doubt, is progress. But in the City of London, unlimited liability once put a premium on the senior partner's nose for probity. Would old-fashioned partnerships have, for instance, floated quite so many ill-prepared new issues as have been launched this year? The danger is that limited liability leads to limited responsibility.

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MARKETS

London

Dollar fears unsettle equities

Martin Dickson, financial editor

A chill wind from the west – in the form of US currency weakness and inflation fears – has set a fragile, unhappy, tone in the London equity market over the past week.

The FT-SE 100 Index began the week with a modest rise, helped by defence industry bid speculation, but lost its nerve mid-week and fell sharply yesterday to close down some 74 points on the previous Friday night, at 3032.8.

The main factor unsettling traders in London (and other European centres) all week was the weakness of the dollar, which fell against most major currencies on news of a widening US-Japan trade gap and dipped to a two-year low against sterling, through the psychologically significant barrier of $1.60 to the pound.

The weakness of the currency, coupled with revived US inflation concerns, prompted fears of an early increase in short-term interest rates by the US Federal Reserve, and a knock-on effect on other markets around the world.

The dollar's decline also had a depressing effect on blue chip British companies with large dollar-earning interests, because City analysts have started trimming back their estimates of overseas earnings for many of these companies. Shares under pressure included Hanson, Grand Metropolitan and Cadbury Schweppes.

There appears to have been some switching by investors to UK financial sectors, which are regarded as less vulnerable to the vagaries of global currency markets.

These trends, however, could throw up some interesting buying opportunities among international blue chips.

As the equity markets team at S.G. Warburg Securities points out, the impact of currency movements has been dampened in recent years because many companies now base their currency translation calculations on the average exchange rate prevailing in any year, rather than year-end rates. So many analysts have now only moved their assumptions about the average rate for 1994 from $1.50 to $1.55 – not to $1.60 or more.

Moreover, there is no longer necessarily a strong correlation between overseas interests and earnings sensitivity to currency movements, because many companies can now hedge their currency risk.

In addition, the Warburg team argues that major performance shifts between British domestic and overseas companies have in the past coincided with de-synchronised global growth, rather than currency volatility, and at present all the major world economies seem to be recovering, albeit at different rates.

Finally, many currency analysts argue that the dollar is due to rally – although optimists have been arguing that for the past year, and the currency has instead nose-dived against the D-Mark and Yen.

Domestic British economic factors have also taken their toll on market sentiment over the past week. The country's dismal record in containing price rises means the market remains acutely sensitive to any figures hinting at the possibility of rising inflation.

So a frisson of anxiety ran through the market on Wednesday when September UK retail sales volumes were stronger than the City expected – even though much of the growth was in areas subject to heavy price discounting.

Yesterday brought forth statistics for third quarter GDP – a much more reliable gauge of the economy – and these showed a more comforting, steady 0.7 per cent increase, much in line with analysts' forecasts.

However, that proved little help to the Government gilts market, where the rally of the past few weeks has been replaced by renewed anxiety over inflation on both sides of the Atlantic. While many argue that gilts are due for a strong rally, it is hard to see a short-term change in sentiment, particularly ahead of next Wednesday's £2.5bn Bank of England auction.

It is equally hard to see UK stocks making much headway without a drop in bond yields, given the current jittery market sentiment and the relative valuation of the fixed income and equity sectors. For example, the yield ratio – the relationship between the yield on government bonds and on corporate dividends – stands at around 2.20, broadly in the middle of its normal range.

Among individual market sectors, the week's more notable share price movements included a sharp drop in several drug stocks – Glaxo, Wellcome and SmithKline Beecham – partly because of dollar weakness but also because of a shift in sentiment away from the sector. SmithKline was also hurt by news that third quarter US sales of Tagamet, once its best selling anti-ulcer drug, had collapsed after the expiry of patent protection.

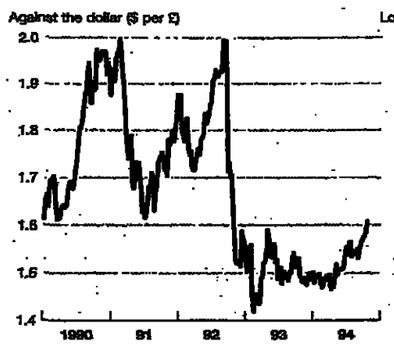
The week's main corporate story centred on GEC, the defence and electronics group, and its possible strategy responses to the agreed £478m bid announced on October 13 by British Aerospace for submarine-maker VSEL.

GEC, BAe's defence industry rival, indicated after the BAe offer that it was weighing a counter bid for VSEL. But this week market speculation grew that GEC might bid for BAe itself, driving up that company's share price sharply.

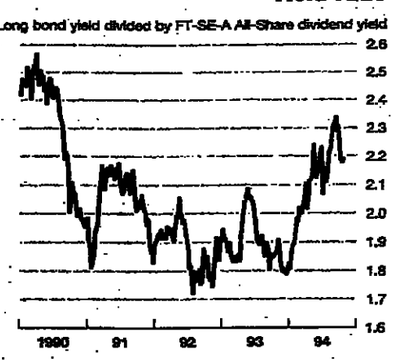
BAe was reported to have told GEC that it would be prepared to resume talks on merging the defence interests of the two companies, abandoned a year ago, if GEC did not try to stymie its bid for VSEL. A financier with knowledge of GEC was in turn quoted as saying that it had decided against a hostile bid for BAe.

A full GEC bid for BAe certainly looks a long shot, not least because of the political ructions this would cause. But at the week's end GEC's intentions were no clearer, and the company was under pressure from the Takeover Panel to throw some light on a situation almost as uncertain as the outlook for the dollar.

Sterling — Against the dollar ($ per £)



Yield ratio — Long bond yield divided by FT-SE-A All-Share dividend yield



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3032.8	-73.9	3520.3	2876.6	Dollar weakness
FT-SE Mid 250 Index	3502.4	-41.0	4152.8	3363.4	Lack of buyers
APV	67½	-10½	138	67½	Chief executive resigns
Automated Security	77	-11	140	69	Boardroom resignation
Azlan	132	-30	281	118	Results due in November
Eurotunnel Uts	209	-19	592¾	195	Missed revenue forecast
Havelock Europa	186	+18	191	121	Restored dividend
Iceland	169	+14	211	133	Broker recommendations
P & O Defd	595	-43	743	593	Profit-taking
Paterson Zochonis	463	-26	625	428	Profits warning
Scantronic	16	-6	89	15½	Raising £2.8m of new capital
Senior Engineering	85	+14¼	150½	72	Recovery hopes
Servisair	146	+11†	149	136	Flotation
VideoLogic	20	-5	49	18½	Warns of further losses

† Based on issue price of 135p.

Serious Money

Ideas – the very life blood of investment

Gillian O'Connor, personal finance editor

Most personal investors will have very different aims from professionals managing a portfolio of investment trusts. But they can still benefit from understanding how the market works. This year's investment trust annual from NatWest Securities* provides many useful insights.

The annual is a self-proclaimed tool for professional investors. Somewhat apologetically, its 134 pages are devoted to analysing the FT-SE-A investment trust index, and the proposed new sub-sectors.

Split-capital trusts (see page VI) are excluded from the index and will form their own group. Conventional trusts will be divided into UK, Europe, International, Geographic Specialists, and Venture and Development capital. NatWest gives a mildly barbed welcome to these groupings, but its real objective is practical rather than academic.

The annual explains to clients how to ensure their portfolios do not lag behind the index: a "Bluffer's Guide to Running an Investment Trust Portfolio". It also suggests some ways in which the new classifications system might itself influence the behaviour of investors – and, hence, of share prices.

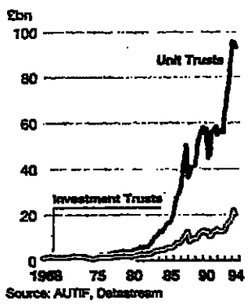
The index is dominated disproportionately by a fairly small number of stocks. Get these "performance shapers" right and you can expect to stay fairly close to the index with minimum effort – and invest selectively in the smaller trusts to try to achieve an outstanding performance. But there are often hidden barriers to getting the desired "weightings" in some trusts because many of the shares are held tightly.

NatWest has – with commendable cautions – produced a list of "The hardest stocks to buy". Top of the list is venture capital trust 3i, the recent history of which provides a good example of how scarcity can affect a share price.

One reason it has done so well since it came to the stockmarket this summer is that half the shares are still held by the big banks. So, professional investors have had to buy steadily to try to get a holding in the company proportionate to its status as the largest investment trust – and a FT-SE 100 member, to boot.

Such considerations are quite irrelevant to most personal investors. But they can take advantage of the tribal totems and customs laid bare in the annual.

More money in units



Source: AUTIF, Datastream

NatWest suggests, for instance, that the splintering of the index could throw up other funds which are hotly sought-after purely because of their importance to a sub-index. A speculative buying opportunity?

Another useful concept for the numerate investor is "cluster analysis". The point of this exercise is to find out which trusts within a particular sector tend to move together.

Professional investors use this kind of information to construct the type of portfolio they want as efficiently as possible. Why hold six stocks when three can do the same job? The private investor can use this analysis for his own purposes.

The fact, say, that a German smaller company trust has been sluggish while a French equivalent has doubled is very material to the small company addict. This weak correlation between two seemingly similar trusts does not necessarily mean that he should avoid the German one – it could be that its big leap was yet to come – but the divergence is worth investigating. Ideas are the life blood of investment.

□□□

The amount of money invested through authorised UK unit trusts is nearly £100bn, roughly five times the market value of all UK investment trusts. A clutch of top notch stockbrokers publish heavyweight research into investment trusts. Only one relatively small firm produces serious qualitative analysis of unit trusts. Odd?

Not really. Investment trust shares are bought mainly by professional investors, while unit trusts are sold mainly to personal investors.

Professional investors get good comparative analysis free from brokers who hope to get their business. Private investors foot the bill for the commission handed over to financial advisers by the unit trust managers themselves.

Most of the total marketing spend goes on persuading people to buy, not on researching which unit trusts are worth buying.

But this is not because it does not matter which unit trust you buy. For example, the latest Emerging Markets annual review from Fund Research shows wider disparities than ever before. The best global fund rose by 67 per cent, the worst by just over 6 per cent.

Time for some cluster analysis?

**1994-95 Investment Trust Annual: £10 from NatWest Stockbrokers, 55 Mansell Street, London E1 8AN. Mark your order "Attn Mr Clewlow" or 'phone 071-895 5880.*

AT A GLANCE

Finance and the Family Index

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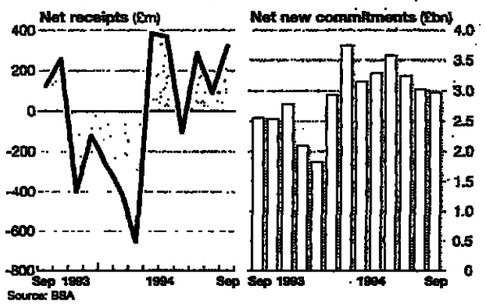
Russian bonds/CGT/Q&A briefcase VII

Building societies deposits and mortgages



Source: BSA

Building societies report fall in mortgage lending

Building societies reported a rise in new savings but a fall in mortgage lending in the wake last month of a half percentage point increase in interest rates. Net retail receipts were £322m – the highest monthly level since May and more than three times the August figure of £91m. However, net new commitments for mortgages dropped to £2.97bn, compared with £3.02bn in August. Adrian Coles, director-general of the Building Societies Association, which released the figures, said that new savings products may have helped to boost societies' inflow despite tough competition from National Savings. Fixed rates, page VI

Survey on financial advice

Only 8 per cent of consumers are willing to pay for financial advice, says a new survey from market research firm Mintel. Slightly more men than women feel it worthwhile, and it is older, richer people who are prepared to pay. In practice a quarter of all people who took financial advice in the 12 months before the survey period asked friends and relations. And a further 21 per cent went to their bank manager, even though none of the clearers offer independent advice any more. A majority think life assurance is a good way to save.

Trust plans C-share issue

Finsbury Smaller Companies investment trust is planning to raise an extra £15m with a C-share issue. Some £10m of that is likely to come from a placing with institutions, but £5m will be available to the public. The £35m, split-capital fund invests in UK smaller companies, and is fully Pep qualifying. The closing date for the offer is November 8, and S.G. Warburg is broker to the issue. Investment and unit trust launches, page VI

Small companies slip back

Smaller company shares slipped back slightly last week. The Hoare Govett Smaller Companies Index (capital gains version) dropped 0.3 per cent to 1612.50 over the week to October 20. The previous week it had recouped some of its losses, rising to 1618.61 on October 13, after falling from 1637.33 on September 29 to 1599.51 on October 6. The index is now down 4.6 per cent since the start of the year, compared with a 9.3 per cent fall in the FT-SE-A All Share Index.

Next week's family finance

Pensions transfers come under the spotlight when the Securities and Investments Board, the City regulator, sets out guidelines for compensating people who have been wrongly sold personal pensions. We take you through the report's implications and help you decide whether you need a personal pension.

Wall Street

GM delivers a nasty jolt to share prices

The stock market's vulnerability to rising interest rates and poor corporate earnings was there for all to see this week when a sharp hike in bond yields and unexpectedly disappointing earnings from General Motors sent share prices tumbling.

Aside from the occasional setback, the Dow Jones industrial average has been on a steady upward path for most of the past two weeks, and seemed poised to break through 4,000 thanks primarily to another quarter of strong corporate earnings.

Yet, on Thursday morning the market received a nasty jolt when GM released its latest quarterly results and the bond market nosedived on a surprisingly strong regional economic report from the Philadelphia Federal Reserve.

The news from GM was particularly unwelcome, for one of the constants in the market for most of this troubled year has been the strong performance of the domestic car manufacturing industry. Earlier this month GM was the subject of a flattering cover story in Fortune magazine entitled "$11bn Turnaround at GM", and Detroit was basking in the approval of Wall Street.

Thus, it came as a particular shock this week when GM reported net income of $552m for the third quarter. At first glance, that looked like an impressive recovery from the company's loss a year ago of $112.9m. The results, however, were skewed by a one-off accounting adjustment which lifted earnings by $200m. When that contribution was stripped out, the figures were a lot less encouraging. Analysts were particularly troubled by the disappointing performance of GM's international operations, where profits tumbled 60 per cent to $240m.

Although GM blamed some of its troubles on two strikes in North America, the group has clearly been struggling to keep up with demand, and it is still failing to get control of its costs.

The response from investors to GM's travails was instantaneous. The shares were sold heavily from the minute the figures were released, and by the end of the day GM's stock price had dropped $3¾ to $43¼. The extent of investors' unhappiness was evident in the extraordinary amount of selling – turnover was 16.8m shares, almost seven times the normal daily average. The decline wiped some $2bn off GM's market value.

The selling was not confined to GM – other auto stocks also took a beating, with Ford and Chrysler both racking up losses – and was not confined to Thursday. By late morning Friday, GM shares were down another $1⅞ at $41⅞, taking the total loss since the earnings were released to more than 11 per cent.

If the news from GM was not bad enough, the stock market also took a beating in the latter half of the week from a sharp rise in bond yields, which edged towards the dreaded 8 per cent mark. The selling of bonds was triggered by two sets of data which undermined fixed-income investors' view that the economy was slowing down sufficiently to dissuade the Fed from raising interest rates one more time as an precautionary measure against inflation.

The first figures were from the Commerce department, which announced that housing starts in September jumped 4.4 per cent. The increase took the annualised rate of housing starts to a 1.5m units, the highest since December. The second, even more disturbing, set of statistics came from the Philadelphia Fed, which reported a surge in its index of regional business activity during October. Especially worrying was the news that prices paid and received had climbed sharply in the month.

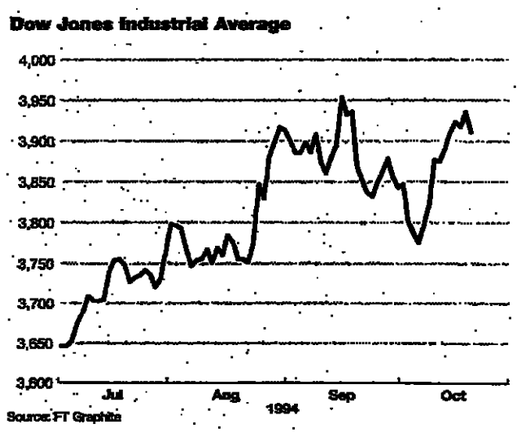
Fresh weakness in the dollar also depressed bond prices this week, and with them stock prices. In fact, on Friday it was another drop in the US currency's value which finally pushed the yield on the benchmark 30-year government bond above 8 per cent – the first time long-term interest rates have been that high since early 1992.

Although some analysts had been predicting a stock market rout if bond yields went above, and stayed above, 8 per cent, it did not materialise. Sentiment, however, was clearly affected by the lates upward move in yields.

The rise in long-term rates and GM's unhappy third quarter overshadowed what was another generally positive week for corporate earnings. IBM reported third quarter results which comfortably exceeded analysts' forecasts, yet the computer group's shares fell when the figures were released. The decline was indicative of two things: it underlined the general malaise of the wider market, and it proved that "Big Blue – for decades the bellwether of the stock market and the country's most eagerly followed company – is no longer the force it once was.

Patrick Harverson

Dow Jones Industrial Average



Source: FT Graphite

Monday	3923.93	+ 13.46
Tuesday	3917.54	– 06.39
Wednesday	3936.04	+ 18.50
Thursday	3911.15	– 24.89
Friday		

The Bottom Line

A prescription for success

Roger Hurn, chairman and chief executive of Smiths Industries, has a knack of producing solid results which slightly exceed market expectations. Smiths' latest full-year figures, released on Wednesday, were no exception.

Investors, who have grown accustomed to remarkably steady profits in the early 1990s, will nevertheless have been heartened by the 12 per cent increase in pre-tax profits to £117.2m on turnover which grew by 4.6 per cent to £759.3m.

True, the pre-tax number was flattered by a £1.4m profit on the sale of a trade investment, and a £400,000 profit on property disposal, but the underlying profit increase was still impressive.

More importantly the results have vindicated Hurn's decision – in the face of the protracted cyclical downturn in both the civil and military aerospace markets – to strengthen the group's medical systems business and build a new "third leg" by expanding its industrial engineering operations. "The repositioning of the group's businesses over the past few years has been dramatic," says Mustapha Omar, of stockbroker Williams de Broë.

In 1990, 30 per cent of Smiths' US profits came from the medical and industrial operations; last year, the figure was 60 per cent. For the group as a whole, operating profits from the medical division exceeded those from aerospace electronics for the first time in 1993. Last year, they increased again – by 13 per cent to £46.6m – while aerospace profits slipped 4 per cent to £38.9m.

This transformation has been achieved in part through acquisitions. Over the past two years, the group has spent £240m on purchases – £148m on two large medical equipment companies and £92m on four smaller industrial businesses. These have been funded without recourse to shareholders, thanks mainly to a cash flow of more than £120m in each of the past three years. The group ended July with just £20m net debt.

The acquisitions have, however, had one negative impact on the balance sheet: goodwill write-offs mean that shareholder funds have fallen from a 1992 peak of £330m to £212m. Although this is an accounting quirk, it could limit the group's room for manoeuvre on future cash purchases where there is a large goodwill element.

Hurn confirms that Smiths would like to make further acquisitions, and does not rule out a large deal which might be financed by equity. He also admits there is little commercial, or even technological, logic linking its aerospace, medical and industrial operations. If the right offer came along, he says he would consider selling aerospace.

Cost-cutting ensured that even the aerospace business performed creditably during the recession. As part of a radical re-structuring, which continues, its workforce has been reduced by 45 per cent since 1990. As a result, operating margins have been maintained above the 10 per cent level.

Although the tantalising upturn in the aerospace market seems still to be at least two years away, Smiths should be positioned well to benefit through its high level of R&D spending and strong representation on key civil and military programmes which will come to fruition in the second half of the 1990s.

Before then, some analysts, including Sandy Morris of NatWest Securities, argue that there are a few more hurdles to jump.

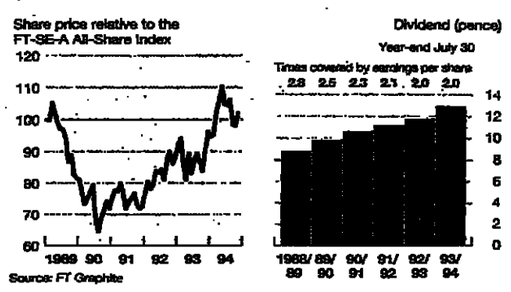
"The most obvious is the need to win the [deal to supply the] flight management computer systems on the new Boeing 737-700," says Morris. Smiths supplies the systems on existing versions of the 737 but faces tough competition for the new contract.

Nevertheless, from an investor's point of view, most of the potential appears to be on the upside. Even without an upturn in aerospace, the group's expanded medical and industrial operations should keep profits moving ahead.

Analysts expect Smiths to make pre-tax profits of around £129m this year, enabling it to continue its progressive dividend policy while maintaining cover. The shares, which closed the week up 13p at 450p, are trading on a modest premium to the market.

Paul Taylor

Smiths Industries



Source: FT Graphite

FINANCE AND THE FAMILY

The lessons to be learnt from the gilts fiasco

***Philip Coggan** analyses what happened, and why*

Gilt-edged securities often are touted as a "safe" choice for private investors. After all, what could be more secure than an investment guaranteed by the government, paying a fixed income and having a fixed repayment value?

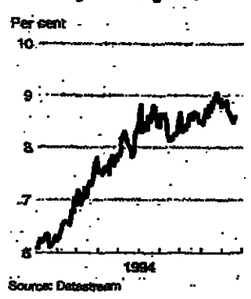
Those private investors who bought the safety argument for gilts late in 1993 will be laughing hollowly, however. Since January 3, the *FT* government securities index has dropped from 107.6 to 91.3, while yields on medium-term gilts have risen from 6.1 per cent to 8.64 per cent. The total return on seven to 10-year gilts over the year to October 17 was –8.07 per cent, according to Lehman Brothers, and that is before taking account of tax.

The news is not all bad. Investors will realise their loss only if they sell their gilt holdings at today's prices. Indeed, one of the advantages of gilts is that, if you hold them until maturity, you are absolutely sure of your nominal return; those who bought at the start of the year will still earn 6.1 per cent if they hold on.

This is, however, small comfort; after all, investors could have kept their money in the building society for the past 10 months, earning a positive return. But should the falls in bond prices discourage private investors from holding gilts, or should they see it as a buying opportunity? Returns on the 10-year gilt, at 8.63 per cent, are still well above those on offer from a building society.

Many economists argued at the start of 1994 that the "fundamentals" were favourable for gilts; in their view, UK inflation was not set to accelerate and the government was getting its budget deficit under control. So far, such analysis has been proved right – but the economists' conclusions have been completely wrong. Gilt investors have had a painful lesson about the global scale of the bond market.

UK 10 yr bond yield



Source: Datastream

To understand what has happened to gilts this year, you must look across the Atlantic. On February 4, the US Federal Reserve increased interest rates from 3 to 3.25 per cent. The change might have been small in scale but its effect on sentiment was enormous.

For much of the 1990s, the Fed had been operating a deliberate policy of low interest rates – both to encourage the US economy to climb out of recession and to re-build the finances of the US banking system, which were weakened severely in the debt binge of the late 1980s. Low interest rates let the banks borrow cheaply and invest the proceeds in higher-yielding bonds.

Banks were not the only ones to spot the profitability of this strategy. "Hedge" funds, which speculate with borrowed money, also got into the act. And private investors, dissatisfied at the low rates payable on deposits, poured money into bond and equity funds.

In the UK and Europe, interest rates also fell early in the 1990s in response to recession. The same switch of funds from cash to bonds and equities occurred in the European financial markets, and was reinforced by US investors looking to diversify overseas. The result was a speculative bubble which drove the yield on the 30-year US Treasury bond down to 5.78 per cent in October 1993, its lowest level for a generation.

Although the bond market had started to weaken before the increase in US rates in February, the change in Fed policy proved a watershed. The initial rise in bond yields meant that those who had been speculating with borrowed money on ever-falling yields had to move quickly to cut their losses.

Then, too, the Fed move coincided with signs that the European economies were recovering faster than expected. Inflation, regarded previously as yesterday's problem, suddenly became seen as tomorrow's danger.

The turn in the bond markets also revealed a more fundamental problem. Governments round the world had entered the recession with their finances in an unsatisfactory state; the economic downturn made things worse by cutting tax revenues and boosting spending on social services. As a result, more bonds were issued.

While speculators were supporting the market, there was plenty of demand to meet this extra supply. But Robin Aspinall, analyst at broker Panmure Gordon, says the problems have come home to roost. "Last year, an abundance of liquidity released from (mostly US) cash inundated the bond markets of the world, delaying and disguising the impact of higher public sector debt issuance," he says.

"The heritage of that has been a twin problem: the shock of re-discovering that supply still matters, combined with the hangover left following the over-enthusiastic participation in last year's bull run."

All this had an exaggerated impact on the UK. Investors reasoned that if inflation was set to return with a vengeance, Britain probably would be among the victims, partly because of its poor historical record and partly because its recovery was further advanced than that of its fellow European countries.

The UK did not help its cause by cutting base rates just four days after the Fed's first increase. The cut, seen as badly-timed, cast doubts on the government's will to bring down inflation within the lower half of its 1-4 per cent target range.

Yet, after a long period of both relative and absolute weakness, gilts have started to revive recently. Markets accepted the argument that the government's increase in base rates – from 5.25 to 5.75 per cent – was a pre-emptive strike against inflation. Confidence in the government's new monetary regime, which places a greater emphasis on the role of the Bank of England, was in large part restored.

Furthermore, the government is taking action to reduce its budget deficit. And while the public sector borrowing requirement is forecast to be £30bn to £34bn this year, Britain's finances still look a lot healthier than those of other European countries such as Belgium, Italy and Sweden.

This economic recovery shows genuine signs of being different from its recent predecessors. Monthly inflation numbers have been consistently below forecast, culminating in the fall in underlying inflation to 2 per cent in September, the lowest for 27 years.

And, far from deteriorating, Britain's trade position has been improving steadily this year. Indeed, Nigel Richardson, head of bond research at Yamaichi International Europe, thinks the UK is going to be one of the best-performing bond markets of the next 12 months.

Certainly, at 8.63 per cent, anyone buying the 10-year gilt is getting a yield which is more than six percentage points higher than the September inflation figure.

Most economists think inflation will start to rise from now on, but they differ on whether it will stay within the government's 1-4 per cent target range. But if you are an income-seeking investor and believe the government *can* achieve its target, this seems as good a time to buy gilts as any.

It might be a different story if you are employed and do not need current income. Since gilts pay most of their return as income, they are not very tax-efficient, especially for top-rate taxpayers. Any gilt priced above 100 will pay a high income but, if held to maturity, will involve investors in a capital loss which cannot be offset, for CGT purposes, against gains elsewhere.

Index-linked gilts are an alternative option for investors seeking capital gains. Both the maturity value and the interest on such gilts rise in line with the retail prices index.

But the annual income is quite small – normally, 2 or 2.5 per cent – which means that the bulk of the return comes in the form of capital gain. Since this is tax-free, index-linked gilts may appeal to top-rate taxpayers.

Real yields on index-linked gilts are around 3.8 per cent, implying a total return to investors of around 8 per cent if inflation is 4 per cent.

Gilt issues - best value v tax status

Your capital gain on a gilt – a UK government bond – is tax free. However, you pay tax on the interest. Therefore, gilts which deliver a higher proportion of their total return as capital gain are more tax efficient, and – other things being equal – more attractive to higher rate taxpayers.

NON-TAXPAYERS		Stock	Price	Yield %	Volatility %
CONVENTIONAL	<5yr	Exchequer 12.25%, 1999	113 3/8	8.57%	3.43%
	5-10yr	Treasury 9.75%, 2002	105 1/2	8.76%	5.42%
	10-15yr	Treasury 12.5% 2003/05	121 2/3	8.96%	5.80%
	>15yr	Conversion 9%, 2011	104	8.54%	8.53%
INDEX-LINKED		Index-linked 2%, 1996	200	7.11%* 4.88%§	1.79%
		Index-linked 2.5%, 2001	166	6.26%* 4.04%§	6.09%

25% TAXPAYERS		Stock	Price	Yield %	Volatility %
CONVENTIONAL	<5yr	Treasury 8%, 1999	90 1/2	6.84%	3.99%
	5-10yr	Treasury 8.75%, 2004	87 7/8	6.75%	7.03%
	10-15yr	Treasury 9%, 2002/06	95 1/4	6.58%	7.45%
	>15yr	Treasury 6.25%, 2010	81	6.62%	9.36%
INDEX-LINKED		Index-linked 2%, 1996	200	6.59%* 4.37%§	1.79%
		Index-linked 2%, 2006	168 1/4	5.62%* 3.41%§	9.88%

40% TAXPAYERS		Stock	Price	Yield %	Volatility %
CONVENTIONAL	<5yr	Treasury 8%, 1999	90 1/2	5.89%	3.99%
	5-10yr	Treasury 8.75%, 2004	87 7/8	5.66%	7.03%
	10-15yr	Treasury 7.75%, 2006	94	5.35%	7.44%
	>15yr	Treasury 6.25%, 2010	81	5.54%	9.36%
INDEX-LINKED		Index-linked 2%, 1996	200	6.27%* 4.06%§	1.79%
		Index-linked 2.5%, 2001	166	5.19%* 2.99%§	6.09%

Yield is redemption yield and takes account of any change in the capital value over period to maturity. Volatility is a measure of the sensitivity of the stock price to changes in yield. *Money yield (current inflation assumed). § Real yield. Source: BZW

If you're bent on buying, here's how to do it . . .

For most investors, the cheapest way of buying gilts is through the National Savings Stock Register, forms for which can be obtained at the post office. A drawback is that the NSSR is a postal-only service; thus, by the time it has received your order, prices may have moved against you. But the reverse can also happen – besides which, price movements over a day or so should not make all that much difference for long-term holders.

For purchases of under £250, the NSSR's commission is a standard £1. For larger buys, the cost is £1 plus 50p for every further £125 or part thereof. Thus, a £1,000 purchase of gilts would cost £4; a £10,000 deal would cost £40.

For sales, the commission is 10p for every £10 or part thereof if the proceeds are less than £100. Between £100 and £250, the rate is £1; above £250, the charges work in the same way as for purchases.

Only £25,000 of a stock can be bought or sold in one day via the NSSR, which could cause some problems for large investors. As a result, they may prefer to deal through a stockbroker.

Unless you are dealing in sums of over £10,000, a conventional stockbroker probably will be more expensive that the NSSR; however, you will be more certain about the price of your gilts and you might be able to benefit from the broker's advice.

If do not feel capable of making your own gilt selection, you could buy into a bond fund. There are around 29 bond unit trusts and, like their equity relatives, they own a wide spread of stocks – although this does not eliminate risk. In the 12 months to October 1, the average gilts trust lost 10.4 per cent.

The fund manager's expertise also comes at a price: initial charges can be up to 6 per cent and annual charges range from 0.5 to 1.5 per cent. These will obviously reduce investors' income.

Furthermore, while gains on gilts held directly are free of capital gains tax, gains from gilt unit trusts are not.

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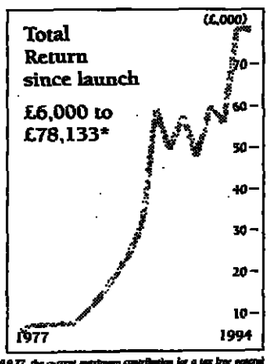

All figures are based on a £6,000 investment made at launch on 30.9.77, the current maximum contribution for a tax free general PEP. * Total return and sector rank figures are source Micropal as 30.9.94, offer to bid with net income reinvested. Over five years from 30.9.89 to 30.9.94 the total return on a £6,000 investment would be £7,615 and the Fund is in the third quartile ranked 17 in its sector. ** Income figures are source HTR from 30.9.77 to 30.9.94, total net dividends payable for the annual period to 1 September each year. † Current gross yield as at 19.10.94 calculated after charging expenses to capital.

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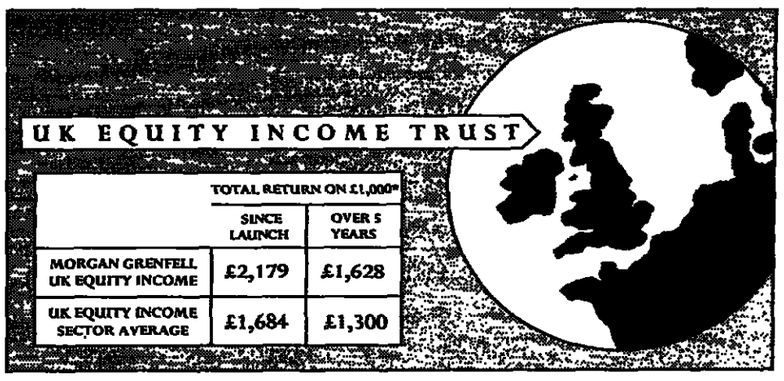

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FINANCE AND THE FAMILY

Bank allays Crest fears

No pressure on private clients under new system, says ***Norma Cohen***

For private clients becoming anxious before the introduction of the new Crest system for paperless share settlement, the Bank of England has reassuring words. It stresses that taking part in Crest is voluntary and there is nothing to force them to settle their bargains more quickly.

Moreover, investors who want to retain their share certificates will be able to do so. Even those whose shares are held electronically within Crest will be able to remove all or part of their holdings from the system in paper form.

Best of all, active private investors who wish to avail themselves of the benefits of quick, cheap electronic settlement may join Crest for a fee of £25 to £50 a year.

The extent to which private investors find life different under Crest – which is due to start operating in the second half of 1996 – will reflect the extent to which their brokers are prepared to accommodate individual preferences at a suitable price.

But there are indications already that fierce competition between brokers means that private clients who shop around are likely to find one willing to meet their wishes.

Stockbroker Brewin Dolphin, for instance, has offered its nominee service to clients free of charge since the advent of 10-day rolling settlement in July, and will continue doing so. This means that those who are prepared to accept a nominee for their shares, to speed the administration of transactions, can do so at no extra charge.

Yet, even if a nominee service costs nothing, private investors may be reluctant to use it because they will not be able to communicate directly with the companies in which they invest.

"There are two issues about the use of nominees," says a Crest spokesman. "First, whether Crest might be able to help brokers communicate details of beneficial owners to companies; and, two, who should pay for the additional cost of that communication?"

The Bank of England, which is overseeing the design phase of Crest, points out that there is no specific requirement for investors to become members of nominees, and those wishing to retain paper will simply continue to conduct their transactions with their broker as they have always done.

Active traders, however, may choose to become "sponsored" members of Crest. "Being a full member of Crest is a bit unrealistic for most private clients," the spokesman says. "But we think sponsored membership is a viable option for lots of private clients."

Sponsorship will allow you to hold shares electronically within Crest in your own name, and you will continue to appear on each company's share register. But you will have to designate a full Crest member to act on your instructions to buy or sell securities.

This choice also will require you to establish a relationship with a bank through which you can make and receive Crest-related payments.

Private clients should know that the demand for a credit line could well rise significantly under rolling settlement. Buying and selling two lots of securities of equal value on the same day might not erase the need for credit, since you could easily develop an "intra-day" credit exposure. This could happen if your order to buy shares settles in the morning, but your sell order takes until late afternoon.

It is expected that brokers acting as sponsors will help each client arrange a credit line and it will be possible, under Crest's legal structure, to allow a lender a legal charge over securities held in Crest in the investor's name. This should reduce the need for an outright extension of credit.

New issues

The decision this week by Telewest, the UK's largest cable operator, to proceed with its flotation has come as a welcome relief to a new issue market that is again dogged by negative news, *writes Christopher Price*. Telewest postponed its original float date five months ago, citing difficult market conditions.

The plan then involved selling a 20 per cent fully-diluted stake through a placing and intermediaries offer in the US and UK. Such an offer would seek to raise between £300m and £370m in new money.

There was also a positive debut from Servicair, which came to the market at 135p and went to a first day's premium of 3p.

But Filtronic Comtek, a manufacturer of components for the mobile telecommunications industry, became the latest market debutant to disappoint expectations.

Its shares were priced at 105p, valuing the group at £44.1m. This was well below forecasts, which had ranged as high as £60m.

Directors' transactions

Michael Hepher, managing director of **British Telecommunications**, has bought 13,918 shares at 363.5p. He is already the largest shareholder on the board, by a considerable margin, and has just over 145,000. The purchase appears to have been one of the last opportunities to deal before the closed period.

☐ Directors of **Smith New Court**, the investment banking house known best for its market-making arm, have made a considerable amount of money from buying their own shares over the past two years. In 1994, however, the trend has been towards selling. The latest disposal was by **Philip Kay**, who sold 30,000 at 321p.

☐ **Conrad Black** has bought 1.4m shares in the **Telegraph** at 330p. In May, he sold 12.5m at 587p through his Hollinger vehicle – a move that caused considerable dismay when, in June, the Telegraph announced it would be cutting its price to meet stiff competition from its principal rival, *The Times*. The impact of that price cut had little bearing on interim results announced in August, but the fall-out will be much more apparent when final results appear in February.

Vivien MacDonald,
The Inside Track

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Atlas Conv Equip.	Eng	250,000	1,320000	3
Austin Reed	RetG	13,360	32,465	1*
Bank of Scotland	Bnks	10,000	20,300	1
Bridon	Eng	132,287	211,124	2*
Burmah	Oil	20,270	174,727	1*
Eastern Group	Elec	58,563	433,366	2*
Ewart	Prop	20,000	14,800	1*
Jardine Matheson	Divl	80,000	419,200	1
Lloyds Abbey Life	LifA	3,354	11,135	1
Macallan-Glenlivet	SW&C	20,000	44,000	1
Newmarket Ven Cap	InvT	65,000	34,450	1*
Portmeirion Pots	HGod	20,000	102,400	1
Quayle Munro	OthF	13,000	24,700	1
Smith New Court	OthF	20,000	64,200	1
Spear JW	RetG	15,461	177,802	4*
Wetherspoon	Brew	2,723	11,164	1
PURCHASES				
Adwest Group	Divl	9,500	14,345	2
Alvis	Eng	105,000	30,550	2
Ashley (Laura)	RetG	50,000	35,250	1
Bank of Scotland	Bnks	6,916	13,555	1
Benson Group	EngV	141,120	12,701	2
British Telecom	Tele	13,918	50,592	1
Burmah	Oil	3,000	25,050	1
Clayhithe Plc	OthF	106,221	77,541	2
Coda	SSer	18,000	14,760	1
Hughes (TJ)	RetG	50,000	39,000	1
Johnston Grp	BM&M	5,000	14,350	1
M R Data Mngmt	SSer	10,000	11,200	1
MFI	RetG	30,000	39,300	1
North Sea Assets	OilE	50,000	12,000	1
Polypipe	BM&M	16,000	20,800	1
Sears	RetG	10,000	10,200	1
Stirling Group	Text	50,000	29,500	1
Telegraph	Mdia	1,400,000	4,620000	1
Watmoughs	PP&P	19,500	73,905	1
Yorkshire Food	FdMa	25,000	27,000	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 10-14 October 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
BM Group	Eng	Wednesday	0.5	-	-
Blackwood Hodge	n/a	Wednesday	0.85	1.00	0.25
British Assets Trust	InTr	Thursday	1.07	1.07	1.09
Centregold	L&H	Wednesday	-	-	0.8
Deutschland Inv Cap	OfSh	Friday	-	-	-
Essex Furniture	ReGn	Wednesday	1.5	2.0	1.8
Fleming Japanese Inv Trust	InTr	Thursday	-	0.45	-
Gartmore European Inv Trust	InTr	Monday	-	0.9	-
Investors Capital Trust	InTr	Thursday	1.275	1.3	1.3
Ivory & Sime Enterprise Cap	InTr	Monday	-	-	-
London & St Lawrence Inv Co	InTr	Thursday	3.84	-	3.12
McKechnie	Eng	Tuesday	5.0	9.75	5.0
Murray Split Capital Trust	InTr	Wednesday	-	-	-
Pressac	E&EE	Thursday	0.75	1.82	0.75
Scottish Metropolitan Prop	Prop	Tuesday	0.4	1.1	0.5
Trace Computers	SpSv	Wednesday	0.55	0.8	0.55
UDO Holdings	OtSv	Tuesday	2.07	5.13	2.22
Wolseley	BdMa	Tuesday	3.55	9.75	4.72
INTERIM DIVIDENDS					
Blacks Leisure	ReGn	Tuesday	0.75	1.5	-
Boxmore International	PP&P	Tuesday	2.75	-	-
Bradford Property Trust	Prop	Tuesday	2.9	3.6	-
British & American Film	OtFn	Monday	4.274	9.3	-
Broadcastle	OtFn	Thursday	0.25	0.75	-
Camperl International	Text	Friday	-	-	-
Country Casuals	ReGn	Thursday	1.41	2.89	-
Craig & Rose	Chem	Friday	-	-	-
Cullens	ReFd	Monday	-	-	-
DAKS Simpson	n/a	Thursday	-	-	-
Edinburgh Inv Trust	InTr	Tuesday	2.95	5.8	-
El Oro Mining	OtFn	Tuesday	-	20.0	-
Exploration Co	OtFn	Tuesday	-	10.0	-
Fleming Contl Euro	InTr	Wednesday	-	2.2	-
Fleming Euro Fledgling	InTr	Wednesday	-	-	-
Fleming Inc & Cap	InTr	Thursday	1.0	1.9	-
Gerrard & National	OtFn	Thursday	6.0	16.0	-
Gieves	ReGn	Wednesday	-	1.0	-
Govett Oriental	InTr	Tuesday	0.4	0.75	-
Gresham House	InTr	Friday	-	-	-
Guardian Media Group	n/a	Monday	-	-	-
IAS UK Smaller Co's	InTr	Thursday	-	-	-
London & Metropolitan	Prop	Thursday	-	-	-
London Smaller Co's Inv Trust	InTr	Wednesday	0.78	2.38	-
McInerney Properties	Prop	Thursday	-	-	-
Moss Bros	ReGn	Monday	1.5	5.5	-
Ocean Wilsons	Tran	Tuesday	1.0	3.0	-
Olives Property	Prop	Tuesday	-	-	-
Ramco Energy	OilE	Friday	-	0.5	-
Scottish Mortgage Trust	InTr	Thursday	1.35	2.75	-
Shiloh	Text	Thursday	1.0	2.5	-
Union International	n/a	Friday	-	-	-
Venturi Inv Trust	InTr	Tuesday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ♦ 2nd quarterly. * 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Aitken Hume	55*	51	51	29.60	Allied Group
Andrews Sykes	85*	88	67	10.70	Euro Fire Prot.
Attwoods	109	114	109	364.00	Browning-Ferris
Dale Electric	70¼*	72	60	16.00	TT Group
Elswick	16¼	16¼	12	37.70	Ferguson Int'l
Plantsbrook	175*	173	165	183.00	SCI
Scholes ‡	250*	253	193	96.10	Hanson
Towles ‡	275*	268	243	4.22	London City
Trans World ‡	181	178	173	70.80	EMAP
VSEL	1291	1308	1228	490.27	Brit Aerospace

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.80 pm prices 21/10/94. §§Shares and cash

The week ahead

MONDAY: Moss Bros, the clothing retail and hire group, is expected to build on last year's growth, with interim pre-tax profits rising from £625,000 to between £1m-£1.3m.

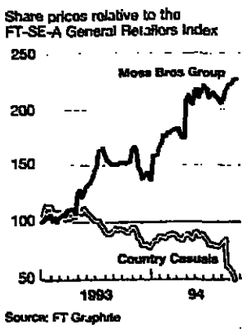
TUESDAY: McKechnie, the metals and plastics components group, is heading for 1993-94 pre-tax profits of about £31m, up from £24.51m last time. This would produce earnings per share of 23.8p and should mean at least a maintained dividend of 14.75p.

TUESDAY: Wolseley, the world's biggest distributor of heating and plumbing products, is expected to report another year of record profits. Forecasts range between £185m and more than £200m for the year to end-July, against £121.1m last time. A strong contribution is expected from Erb Lumber, the US distributor of lumber and associated products bought for £51.1m last August, and the first full-year of Enertech, the Swedish oil and gas burner-maker.

THURSDAY: Followers of the chemicals sector will be scrutinising **ICI**'s third-quarter results for evidence that prices of commodity chemicals are recovering rapidly. The company should show a pre-tax profit comfortably over £125m, compared with last year's £73m.

THURSDAY: Country Casuals, the clothing retailer which lost a fifth of its market value after a profits warning last month, is forecast to report interim pre-tax losses of about £1m.

Share prices relative to the FT-SE-A General Retailers Index



Source: FT Graphite

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Amstrad	E&EE	Jun	19,900 L	(20,500)	-	(-)	0.5	(0.5)
Attwoods	OtSv	Jul	9,100	(33,100)	1.8	(8.96)	5.0	(5.0)
Cradley	PP&P	Jun	1,200	(1,640)	2.5	(3.3)	1.15	(1.15)
DFS Furniture	ReGn	Jul	22,700	(19,900)	14.39	(13.02)	7.2	(6.4)
Exmoor Dual Inv Tst	InTr	Aug†	74.8	(70.4)	9.23	(10.74)	9.05	(10.55)
Fisher (Albert)	FdMa	Aug	34,600	(26,900)	3.34	(2.43)	3.71	(3.75)
Gleeson (M.J)	B&C	Jun	8,910	(8,200)	58.21	(57.54)	14.16	(12.75)
Highland Distilleries	SW&C	Aug	42,500	(38,800)	21.9	(20.1)	7.26	(6.6)
Hong Kong Inv Trust	InTr	Jun†	65.64	(60.6)	1.94	(2.01)	1.85	(1.75)
London & Strathclyde	InTr	Aug†	266.8	(258.8)	6.03	(5.58)	5.75	(5.75)
MY Holdings	P&PP	Aug	4,510	(2,510)	4.52	(3.91)	1.6	(1.25)
Paterson Zochonis	HseG	May	28,100	(25,300)	36.6	(32.07)	13.85	(12.6)
River & Mercantile	InTr	Sep†	97.74	(123.79)	8.4	(9.3)	7.875	(7.875)
Smiths Industries	Eng	Jul	117,200	(104,600)	26.6	(23.9)	13.0	(11.85)
Superscape VR	SpSv	Jul	238 L	(-)	-	(-)	-	(-)
Town Centre Secs	Prop	Jun	8,810	(8,100)	6.75	(5.65)	3.8	(3.4)
Upton & Southern	ReGn	Jul	4,000 L§§	(635 L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberdeen Stk Houses	L&H	Jun	137 L	(197 L)	-	(-)
Acorn Computer	E&EE	Jun	1,980 L	(305)	-	(-)
Airflow Streamlines	EngV	Aug	915	(464)	2.0	(1.0)
Aminex	OilE	Jun‡	482	(125 L)	-	(-)
Amagen	Hlth	Jun	1,990 L	(1,780 L)	-	(-)
Andax Properties	Prop	Sep	110	(54)	-	(-)
Automated Security	SpSv	Aug‡	2,590	(903)	-	(-)
BMSS	BdMa	Jul	287	(207)	2.0	(1.5)
BS Group	L&H	Jun	429	(116)	3.0	(-)
Bedford (William)	ReGn	Jun	97	(11 L)	-	(-)
Berry, Birch & Noble	OtFn	Jul	380	(460)	1.8	(2.1)
Boot (Henry)	B&C	Jun	2,570	(2,350)	1.85	(1.7)
Brooks Service	SpSv	Jun	61	(57 L)	0.75	(0.5)
Castle Mill Intl	Text	Jun	323 L	(256 L)	-	(-)
Chesterfield Props	Prop	Jun	4,910	(7,810)	4.4	(4.0)
City of Oxford Inv	InTr	Sep†	30.1	(38.5)	1.2	(1.2)
Davenport Knitwear	Text	Jun	855	(607)	-	(-)
Derwent Valley	Prop	Jun	3,770	(1,120)	1.58	(1.525)
Eidos	E&EE	Jun	48	(78)	-	(-)
English National Inv	InTr	Sep†	356.4	(364.8)	-	(-)
Farnell Electronics	Dist	Jul	28,700	(21,100)	3.8	(3.2)
Ferguson Intl	PP&P	Aug	8,010	(5,240)	4.5	(4.25)
Ferrum	Eng	Jun	4,190 L	(1,490)	-	(-)
Forward Technology	E&EE	Jun	340	(1,230 L)	0.5	(-)
Geared Income Inv	InTr	Sep†	88.89	(97.71)	3.25	(3.25)
Glanchewton	Dist	Jun	293 L	(463 L)	-	(-)
Harrington Kilbride	Med	Jun	1,380 L	(621)	-	(1.7)
Havelock Europa	B&C	Jun	1,560	(505)	1.0	(-)
Kelt Energy	OilE	Jun	2,770	(2,540)	-	(-)
Kleinwort Endowment	InTr	Sep†	116.9	(109.6)	-	(-)
Le Creuset	HseG	Jun	1,070	(1,160)	-	(-)
Lionheart	HseG	Jun	840 L	(518)	-	(0.1)
New Throgmorton Tst	InTr	Sep†	144.5	(114.7)	1.0	(1.5)
Richards	Eng	Jun	120	(62)	1.0	(1.0)
Riva	E&EE	Jun	829	(429)	-	(-)
Ross Group	Dist	Jun	15	(607)	-	(0.2)
Scantronic	E&EE	Sep	2,400 L	(1,400)	-	(-)
Seafield	Tran	Jun	220	(1,060 L)	-	(-)
Ticketing Group	L&H	Jun	32	(337)	-	(-)
Tie Rack	ReGn	Aug	407	(384)	-	(-)
VSEL	Eng	Sep	30,200	(28,800)	12.0	(10.5)
Value & Income Trust	InTr	Sep†	106.6	(101.1)	2.1	(2.0)
Waste Mngmt Intl	OtSv	Jun♦	125,400	(110,000)	-	(-)
Yorkdyde	Text	Jun	1,700	(1,490)	2.4	(2.2)

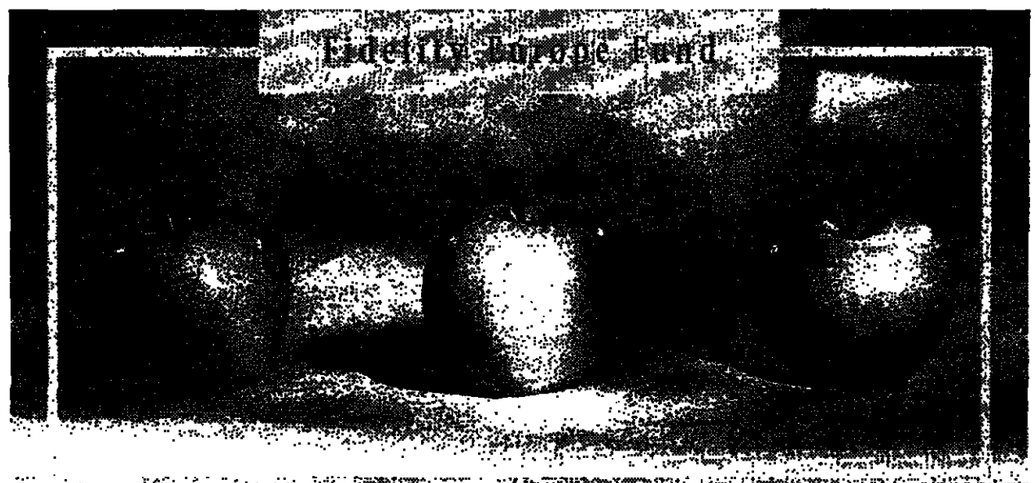
(Figures in parentheses are for the corresponding period)
*Dividends are shown net pence per share, except where otherwise indicated. L : loss. † Net asset value per share. ‡ Irish punts and pence. ‡‡ 3 month figures. ♦ 9 month figures. ♦ 26 week figures. ♦ US dollars and cents. §§ 18 month figures.

RIGHTS ISSUES

Sidlaw Group is to raise £23.7m via a rights issue.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Beeson Gregory is to raise £4.15m via a placing of 1.53m shares at 271p.
Filtronic Comtek is placing 23.8m shares via its flotation.
Finsbury Smaller Companies Trust is to raise up to £15m via a placing and offer of 15m C shares at 100p.
HI Technologies is to raise £18m via an offer of 25m shares at 100p.
Malaya Group is to raise about £13.5m via a placing of 67.3m shares at 20p.
New Look is to raise £10m via its flotation.
Nordic Exploration is to raise $550,000 via a placing of 2.6m shares.
Parity is to raise £5.7m via a placing and offer.
Scantronic is to raise £1.2m via a placing and offer of 16.1m shares at 10p.
TeleWest is to raise £300-370m via its flotation.
Upton & Southern is to raise £5.5m via a placing and offer



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FINANCE AND THE FAMILY

Rocky ride for Eurotunnel

Should shareholders sell, hold on – or even buy? Charles Batchelor reviews the options

This has been an inauspicious week for Eurotunnel. The company which operates the Channel tunnel was forced to admit it would miss this year's revenue forecast by a wide margin, while a Eurostar train taking journalists to Paris broke down before it even started.

Even so, travellers who make the trip in one of these sleek expresses, or in the more spartan car shuttles, are in for a pleasant surprise. The ride is extremely smooth, and the passage from the Kent countryside into the tunnel marked by the gentlest of slopes.

Shareholders have had a bumpier ride. Floated at 350p in November 1987, Eurotunnel's shares peaked at £11.64p in June 1989 and have see-sawed between £3 and £5 for much of the subsequent period. (The bevy of rights issues complicates comparisons. The adjusted issue price is 267p and the peak 871p).

In recent months they have fallen steadily, dropping 19p in the past week to 209p yesterday – a recovery from Thursday's all-time low of 199p.

With some City analysts forecasting yet another fund-raising within the next two years, should shareholders cut their losses and sell, hold on – or even buy?

On balance, those who bought enough shares in the 1987 and 1990 issues to qualify for concessions should stay put. Would-be investors should wait a while because there are signs that the shares still have some way to fall.

Eurotunnel is at a tricky stage. The tunnel has been finished but the company still has to prove it can operate a reliable service. In the meantime, the additional safety requirements demanded by the British and French governments, and the delays of such a massive project, have heaped up a mountain of debt: £8bn out of total funds of £10.5bn.

Two rights issues have diluted the returns to shareholders and the official starting date for the payment of dividends has been pushed out to 2004. Some analysts believe it might take longer.

The delays to the start of services will reduce revenues this year and next, bringing Eurotunnel perilously close to its financing limits. It is likely that the company will be in technical breach of its covenants by the time the banks come to re-assess their loan commitments next spring.

Yet, co-chairman Sir Alastair Morton is probably right in thinking that the banks will turn a blind eye to this. They have no wish to bring the project tumbling down.

Eurotunnel's forecasts depend on it persuading large numbers of people new to the cross-Channel market to make the trip. It is also hoping to take away half of the existing market from the ferries. Analysts doubt whether these ambitious targets can be met.

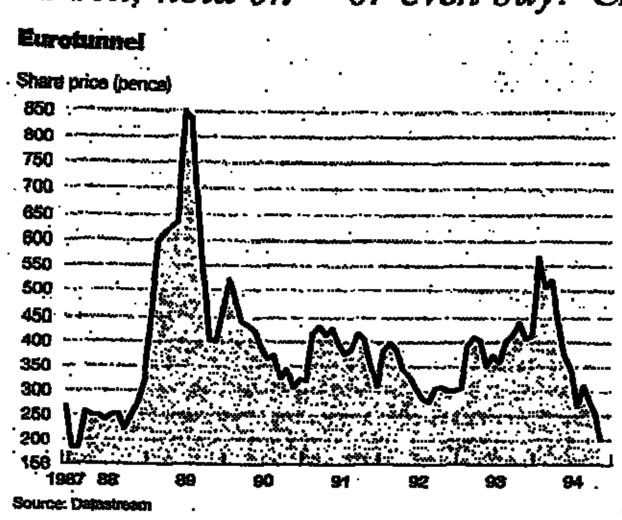
Fears of a price war between the ferries and the tunnel have eased recently but Eurotunnel's revenue forecasts would be hit if hostilities reopened. It also faces the problem that much of its debt is at variable rates, making it vulnerable to any increase in interest rates.

On the plus side, the next few months should see the final solution to the teething difficulties which have plagued the start-up of services. A rough winter on the Channel could persuade road hauliers to desert the ferries, while next spring and summer should see a substantial build-up of tourist revenues. By the middle of next year, the tunnel will have shown whether it is going to succeed.

In the absence of dividends, the main reason for existing shareholders to stay with Eurotunnel is the free travel concessions. The company will not announce its passenger shuttle fares until the middle of next month but last January, when it was hoping for a May start to services, it announced fares ranging from £125 for a two-day return to £310 for a mid-summer peak weekend return.

Shareholders who bought 1,000 shares at 350p each in 1987 are entitled to two free return trips annually for the 65-year life of Eurotunnel's operating contract.

New investors are probably best advised to wait because there might be some way for the shares to fall before revenues pick up next spring. But there is still the prospect of dilution if the banks insist upon converting some of their debt to equity in 12 to 24 months. Cautious investors may want to see the shape of any new financial structure before committing themselves.



Source: Datastream

Brendan Corr
Morton . . . missed forecast

Chunnel diary

Sept 1 1986: Consortium partners subscribe £46bn of equity for project.
Oct 29: Eurotunnel raises further £206m equity through private placement with institutions.
Nov 4 1987: Company reaches agreement for banks to provide £5bn.
Nov 27: Public listing completed, raising additional £770m equity.
Dec 1: Tunnelling starts.
Oct 25 1990: Eurotunnel signs agreements for further £1.8bn of bank credit.
Dec 3 1990: Company completes £566m rights issue.
Feb 10 1992: Target opening date of June 1993 is postponed.
Dec 10 1993: Contractors hand over tunnel.
Dec 29: Eurotunnel drops claims against UK and French governments in return for 10-year extension of its concession.
May 6 1994: Inauguration of tunnel by the Queen and French President François Mitterrand. Freight shuttle services start later in month.
May 26: Eurotunnel launches third rights issue to raise £858m and completes raising of £693m of bank loans.
Oct 3: Start of limited passenger shuttle.
Oct 17: Eurotunnel reveals it will achieve only a quarter of the expected 1994 passenger revenues.
Nov 14: Start of Euro-star service between London, Paris and Brussels.
Nov 15: Start of turn-up-and-go passenger shuttle.

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Just for women

***Bethan Hutton** on a new illness insurance policy*

The possibility of getting breast or cervical cancer worries many women. So, a new policy from Pinnacle Insurance which pays a cash sum if they develop either might seem a good idea.

Called Viva, the women-only policy provides a set level of cover: a cash sum of £10,000, followed by 12 monthly payments of £500, after diagnosis of breast or cervical cancer. Premiums range from £7 a month for those aged 18 to 29, to £18 monthly between 50 and 59.

Yet, few women reading the promotional leaflet – to be inserted in magazines – will realise that, for a slightly higher premium, they could get cover for *all* kinds of cancer as well as heart attacks, strokes, multiple sclerosis and many other serious illnesses.

Critical illness insurance – which is available to both sexes – is one of the fastest-growing areas of the insurance market but the term is still unfamiliar to many. The basic idea is to provide a lump sum if a person develops one of a specified list of serious ailments.

The cash can be used to provide an income (if the victim cannot return to work) or pay for such things as home alterations, holidays or nursing care. The illness does not have to be terminal, or stop the insured person working. More than 90 per cent of claims are for cancer, heart attacks and strokes.

The insurance is available in a variety of forms: as a stand-alone protection policy or linked with life assurance, so that the sum assured is paid either if you die or become ill. Many insurers have now begun to offer it as an optional extra for mortgage protection policies.

It is also relatively inexpensive. A premium of £20 a month would buy a woman aged 29 cover of £53,125 at Eagle Star, £43,218 at Scottish Provident, or £40,047 at Allied Dunbar. For the same premium, a woman of 49 would get cover of £19,318 at Eagle Star, although she would pay £26.36 to Allied Dunbar for cover of £16,000. Men would pay more, as would smokers. But cover added on to a mortgage is even cheaper.

Although breast and cervical cancer are the two most emotionally-charged illnesses women face, Viva is a relatively expensive way of covering them: it makes more sense to insure against the full range of critical illnesses.

And, rather than buying any kind of financial service directly from a mail shot or magazine insert, always talk first to an independent financial adviser.

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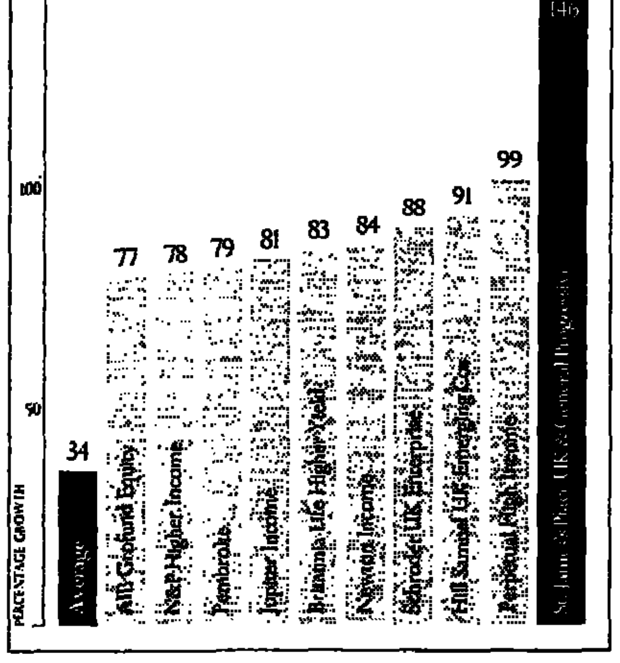

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FINANCE AND THE FAMILY

Top annuity rates

An annuity provides a guaranteed income for life in return for a lump sum investment. The bulk of the fund built up by many types of pension plan must be used in this way. This week's table shows **COMPULSORY PURCHASE ANNUITY RATES** which are used for small company schemes, additional voluntary contribution plans (AVCs) and free standing AVCs (FSAVCs) among others. The rates do not include inflation proofing.

Male age 55	Annuity (+0.2%)*	Female age 50	Annuity (-3.3%)*
Generali	£10,380.18	Generali	£9,133.97
Equitable Life	*£10,284.00*	*Norwich Union*	*£9,126.00*
RNPFN	£10,261.68	RNPFN	£9,075.24
Male age 60	**Annuity (+0.6%)***	**Female age 60**	**Annuity (-1.2%)***
RNPFN	£11,275.20	RNPFN	£10,289.16
Generali	£11,266.72	Generali	£10,118.97
Equitable Life	£11,196.96	Royal Life	£10,029.59
Male age 70	**Annuity (+2.6%)***	**Female age 70**	**Annuity (+1.6%)***
RNPFN	£14,872.08	RNPFN	£12,888.24
Equitable Life	£14,138.04	Royal Life	£12,310.98
Generali	£14,082.98	Equitable Life	£12,201.00

JOINT LIFE - 100% SPOUSE'S BENEFIT

Male age 60		Male age 65	
Female age 57	**Annuity (-0.7%)***	**Female age 63**	**Annuity (-0.9%)***
Generali	£9,463.92	Generali	£10,029.61
RNPFN	£9,211.44	RNPFN	£9,958.16
Norwich Union	£9,194.00	Royal Life	£9,745.50

*Month's movement

Payments are monthly in arrears, without a guarantee period. Rates are at 18 October 1994. Figures assume an annuity purchase price of £75,000 after paying tax free cash of £25,000 and are shown gross. RNPFN annuities are available only to nurses and allied workers.

Source: Annuity Bureau: 071 620 4090.

Annuities Trend is down

Although the table shows that many annuity rates have moved up since a month ago, most competitive providers have reduced theirs, including Generali, Prudential, Sun Life of Canada, Canada Life and Royal Life.

A few companies have maintained rates but the trend is downwards. Again, the movement is linked to inflation, this time with indications that inflation is under control. In the short *term, rates should continue to* fall.

Peter Quinton, Annuity Bureau

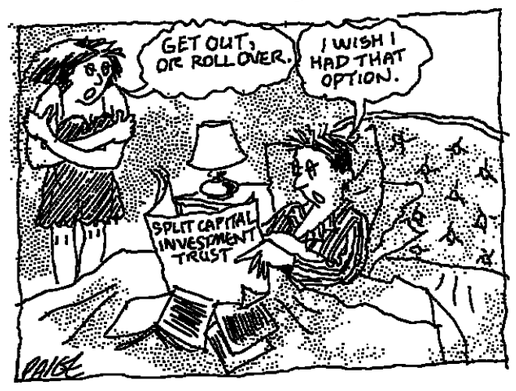
A quick guide to doing the splits

***Bethan Hutton** looks at the complications*

Split-capital investment trusts are complicated enough to understand at the best of times, with their multitude of different share classes entitled to varied portions of capital and income. But recent events have highlighted a further area of complication: what happens when a split-capital trust is nearing the end of its life?

Shareholders in Sphere, due to wind up in a year's time, are considering a bid by Dartmoor, another split-capital investment trust. Meanwhile, shareholders in Gartmore American Securities, due to wind up in March, voted this week not to block an extension of the trust's life – so thwarting an anonymous American investor (or group) who had worked out a clever plan to get a larger share of the assets on wind-up.

These situations arise because split-capital trusts have limited lives. When the *trust is created, a provisional* wind-up date is written into its legal structure – usually seven or 10 years away. But this does not mean the trust will necessarily cease to exist on that date. Fund managers make their living by charging a percentage on the funds they have under management, so they are understandably reluctant to wave goodbye to a pool of money if there is any way they can avoid it.



The main options are: for the fund to be wound up; for its life to be extended; or for another trust to bid for it. Proposals are made up to a year in *advance, so that shareholders* can decide. The most attractive option for them will depend on which class of share they hold, and their priorities.

The two most common types of split-capital trust share are zero dividend preference shares and income shares (or ordinary income shares). Zeros pay no dividends, but their capital entitlement grows by a fixed amount each year and is paid out in one go when the trust is wound up. Income shares get all the trust's income and can yield very highly, but their capital entitlement is less generous. It often depends on what is left when the zeros have been repaid.

Income share-holders may not mind carrying on with the same trust, or accepting a bid from a similar trust, if it gives them a continuing income stream – but zero-holders are another matter. Zeros are used as financial planning tools for items such as school fees: investors buy zeros from a series of different trusts so that lumps of capital become available at regular intervals. If, rather than winding up, a trust is rolled over, that could throw out all the careful planning.

Zeros do not usually have voting rights, but trusts usually are structured to give them a vote if a deal that would affect their fixed cash entitlement, or its date of payment, is being considered. Most re-structurings and bids give zero-holders a cash option on or before the scheduled date.

One exception was the re-structuring last year of the City of Oxford trust, which made no cash offer to zero-holders when the life of the trust was extended. At the time, the board explained that because the extended life of the trust would add value to the shares, zero-holders would do just as well by selling in the open market after the re-structuring.

While that might have been true in that instance, it will not always be the case. Indeed, James Hart, a split-capital specialist at broker Olliff & Partners, says he does not think this approach will be used again as it caused a lot of bad feeling among shareholders and drew heavy criticism from fund managers and corporate financiers.

The strategy used by another Gartmore split last year met with more approval. As Gartmore Value was nearing the end of its life, a newly-created trust, Gartmore Shared Equity, bid for its shares. This gave investors *two options: to sit* tight until wind-up and get their scheduled entitlements, or swap their shares for others in the very similar new trust.

Most of the income-share holders opted for the new trust, as did a fifth of the zero-holders, while the rest are still in the rump of Gartmore Value, which should wind up in January, as scheduled. The new trust also raised extra cash with a public offer. The success of this scheme could mean it is imitated by other trusts over the next few years.

The takeover battle for Sphere illustrates a different approach again. Dartmoor is offering eight of its new income shares for every 25 Sphere income shares.

The offer has been accepted provisionally by Exeter Fund Managers (Dartmoor's manager) and Abtrust Fund Managers which, between them, hold more than half the ordinary shares.

The Sphere board yesterday recommended other shareholders to consider either retaining their shares in Sphere until the wind-up, or selling them in the market. It advised accepting the offer for warrants.

Hart also favours holding on to the Sphere shares. He points out that while Sphere has an international general portfolio, Dartmoor's portfolio of mainly highly-geared instruments is not such a safe prospect.

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets Size £m	Targets Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP Minimum Invst. £	Outside PEP Annual Charge %	Inside PEP Minimum Invst. £	Inside PEP Annual Charge %	Offer Period
■ Fidelity Special Values														
Fidelity (0800 414161)	SG Warburg	UK Growth	1:5	30+	n/a	Yes	Yes	100p	96.5p	£1,000	0.95	n/a	n/a	19/10/94-9/11/94
New twin for Fidelity's Special Situations unit trust, run by Anthony Bolton														
■ Foreign & Colonial Emerging Markets														
Foreign & Colonial (071 628 8000)	Credit Lyonnais Laing	Emerging Mkts	1:5	100	n/a	No	Yes	100p	96p	£2,000	1.5%	n/a	n/a	26/10/94-11/11/94
C-share issue from established emerging markets trust, ranked second in its sector over three years														
■ Invesco Korea Trust														
Invesco (0800 010333)	de Zoete & Bevan	Far East ex Japan	1:5	30	n/a	No	Yes	100p	96p	£2,000	1%	n/a	n/a	closes 2/11/94
C-share issue to raise new capital for this three-year-old, £40m specialist trust														
■ Murray Emerging Economies														
Murray Johnstone (0345 222 229)	De Zoete & Bevan	Emerging Mkts	1:5	20m+	n/a	No	Yes	100p	95.5	£1,000	1.25%	n/a	n/a	9/11/94-29/11/94
Investing in real emerging markets – India, China, Brazil, Hungary etc – not "gateways" like Hong Kong or Vienna														

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	Full PEP Qual	Savings Schemes Avail.	Charges outside PEP Initial %	Charges outside PEP Annual %	Charges outside PEP Other %	Minimum Invst. £	Charges inside PEP Initial %	Charges inside PEP Annual %	Charges inside PEP Other %	Minimum Invst. £	Special offer Discount %	Special offer Period
■ HL Investment Trust Portfolio Trust														
Hargreaves Lansdown (0272 767 767)	Investment trust units	2	Yes	Yes	5.75	1.5	No	2,500	5.75	1.5	No	2,500	Yes*	7/10/94-27/10/94
Unit trust investing in a wide range of UK and overseas investment trusts, with a 5 per cent annual withdrawal facility.														
* 1 percentage point discount on investments over £5,000; 1.5 over £10,000, 2 over £20,000, and 3 over £50,000.														
■ Managed Growth Fund														
M&G (071 626 4588)	Fund of Funds	1	Yes	Yes	5	1.5	No	£500	0	1.5	Yes**	£1,000	-	8/10/94-28/10/94
M&G's second fund of funds, this one concentrates on long-term growth. It is also the second M&G no-initial-charge Pep														
** Withdrawal charges on a sliding scale from 4.5 per cent in the first year down to 0 after the end of the fifth year.														
■ Global Growth Pep Fund														
Martin Currie (0800 838776)	International Growth	1	Yes	Yes	5.25	1.5	No	£1,000	5.25	1.5	No	£1,000	‡	17/10/94-5/11/94
Launched to attract the Pep market this is more UK and Europe-oriented than the company's international growth fund, ranked 14 of 115 funds over 5 years														
‡ 2 percentage point discount for investors tranferring from other Pep schemes														

Fixed rates gamble

Conventional wisdom is under attack in the savings market. As an illustration, try this two-part quiz:

1. When interest rates are rising, is it a good time to fix your deposit interest rate?

2. If base rates are 5.75 per cent, should you leave your money with someone offering up to 12 per cent?

A prudent investor would answer "no" to both. After all, if interest rates are increasing, it is better to leave savings free to climb up on the back of rising base rates. Besides which, if someone is offering a return that seems too good to be true, it probably is. Yet, a number of high street banks and building societies are offering comparatively high fixed deposit rates.

The table, provided by Moneyfacts, shows the most competitive on offer. The terms are between three to five years, but whether the interest rates end up being a good deal depends on the behaviour of base rates over the period.

Simon Briscoe, UK economist at S.G. Warburg, expects three rises in base rates – of half a percentage point each time – by the end of next year. This would take them to just over 7 per cent. He believes the usual cycle of sharp interest rate rises is over for now and that the UK economy will have a lengthy period of relatively low growth.

John Marsland, senior UK economist at UBS, is less optimistic about a low interest-rate era. While he thinks the economic basics point to base rates of 7 to 8 per cent next year, he believes the relative weakness of sterling actually will propel them to 10 per cent by the end of 1995.

Taking a fixed rate is a gamble although those on offer suggest that, even if you do lose out, it should not be by much. The question remains: which is best – a flat fixed rate or an escalator bond, paying pre-determined rates which increase over the term of the investment? In general, the escalator bonds pay a higher annual rate – but your money is tied up for longer.

The highest annual average of 9.3 per cent gross comes from Julian Hodge, a small, privately-owned, Cardiff-based bank. For those who prefer building societies, the annual average rates are 9.2 per cent at Portman or Stroud & Swindon, 9.08 at Woolwich, and 8.85 at West Bromwich.

The main drawback with fixed-rate deposits is the withdrawal penalties. Indeed, Woolwich does not allow any early withdrawals on its three-year bond and none in the first two years of its escalator bond. After that, withdrawals cost you 90 days' loss of interest.

There are other products offering high fixed rates of interest; the Highest Rates for your Money table shows the Confederation Bank is paying 9 per cent on its fixed-rate Tessa.

Highest Fixed Savings Rates

Society/tel	Account name	Notice or term	Min deposit	Rate % gross	Int paid
Flat fixed rates					
Confedn Bk (0438 744500)	Invest certs	5 yrs	£1,000	9.00	Yly
Chelsea (0800 272505)	4 Year fixed	31/12/98	£10,000	9.00	Yly
Woolwich (0800 400900)	Fixed rate bond	3 yrs	£500	8.60	Yly
Norwich&P (0733 391497)	Fixed rate bond	3 yrs	£10,000	8.55	Yly
TSB	Term deposit	3 yrs	£2,000	8.30	Yly
Escalator bonds	Min bal	1st yr	2nd yr	3rd yr	4th yr	5th yr
J Hodge Bk (0222 220800)	£2,000	7.50	8.00	8.75	9.75	12.50
Portman (0202 292444)	£500	7.00	8.00	9.00	10.00	12.00
Strd &Swindn(0800 393770	£500	7.00	8.00	9.00	10.00	12.00
West Brom (021 607 2415)	£1,000	7.50	7.75	8.25	9.25	11.50
Woolwich (0800 400900)	£1,000	7.40	7.75	8.25	9.75	12.25

All rates are gross and are subject to change without notice. Source: Moneyfacts

But this is available only to those who put up £8,900 (to be drip-fed into a Tessa) compared with just £500 required by Portman or Stroud & Swindon.

The Tessa has the important advantage of being tax-free as long as capital is not withdrawn during its five-year term, whereas the fixed-rate bonds are taxable.

Higher-rate taxpayers may prefer to invest in tax-free National Savings certificates. The 42nd issue pays a tax-free 5.85 per cent a year compound when held for five years, a return which is equivalent to an annual 9.75 per cent gross for a 40 per cent taxpayer.

Scheherazade Daneshkhu

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Confederation Bank	Lquidity	0438 744500	Instant	£100	5.25%	Yly
Manchester BS	Money-by-Mail	081 839 5545	Postal	£1,000	5.80%	Yly
Skipton BS	3 High Street	0756 700511	Instant	£2,000	6.10%	Yly
Northern Rock BS	Go Direct	0500 505000	Instant	£20,000	6.65%	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley	Direct Notice	0345 248248	30Day(P)	£1,000	6.15%	Yly
Universal BS	1 Yr High Option	091 232 0973	90Day	£10,000	7.00%	Yly
Halifax BS	Special Reserve	0422 333333	1 Yr Bnd	£10,000	7.35%	OM
Chelsea BS	Four Year Fixed	0800 272505	31.12.98	£10,000	9.00%F	Yly
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.70%	Mly
Bradford & Bingley BS	Direct Notice	0345 248248	30Day(P)	£10,000	6.45%	Mly
Northern Rock BS	Postal 60	0500 505000	60 Day	£10,000	6.55%	Mly
Chelsea BS	Four Year Fixed	0800 272505	31.12.98	£10,000	8.65%F	Mly
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£8,900	9.00%F	Yly
Market Harborough BS		0858 463244	5 Year	£9,000	7.60%	Yly
Holmsdale BS		0737 245716	5 Year	£1	7.40%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	7.35%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Woolwich BS	Current	0800 400900	Instant	£500	3.50%	Yly
Halifax BS	Asset Reserve	0422 333333	Instant	£5,000	4.85%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.35%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank Jersey	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	Ninety Day	0624 663432	90 Day	£10,000	6.55%	Yly
Halifax Intl (Jersey)	Fixed Rate	0534 59840	3 Year	£10,000	8.50%F	Yly
GUARANTEED INCOME BONDS (Net)						
AIG Life FN		081 680 7172	1 Year	£15,000	5.70%	Yly
AIG Life FN		081 680 7172	2 Year	£15,000	6.45%	Yly
Laurentian Life FN		0452 371371	3 Year	£50,000	6.90%	Yly
General Portfolio FN		0279 462839	4 Year	£10,000	6.80%	Yly
Eurolife		071 454 0105	5 Year	£10,000	8.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds I		5 Year	£100	7.75%F	OM
	First Option Bond		12 Month	£1,000	6.40%FI	Yly
	Pensioners GIB 2		5 Year	£500	7.50%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	42nd Issue		5 Year	£100	5.85%F	OM
	8th Index Linked		5 Year	£100	3.00%F	OM
					+Infln	
	Childrens Bond G		5 Year	£25	7.85%F	OM

This table covers major banks and building societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Not Rate. P= By Post only. G= 5.75 per cent on £500; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.80 per cent on £20,000 and above. Source: Moneyfacts, Laundry Loke, North Walsham, Norfolk NR28 0BD. Readers can obtain an introductory copy by 'phoning 0692-500 665. Figures compiled on: October 21 1994

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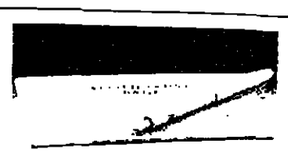

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ALLIED TRUST BANK

FINANCE AND THE FAMILY

A bond boom that went bust

***Antony Thorncroft** charts the rise and fall of pre-revolutionary Russian paper*

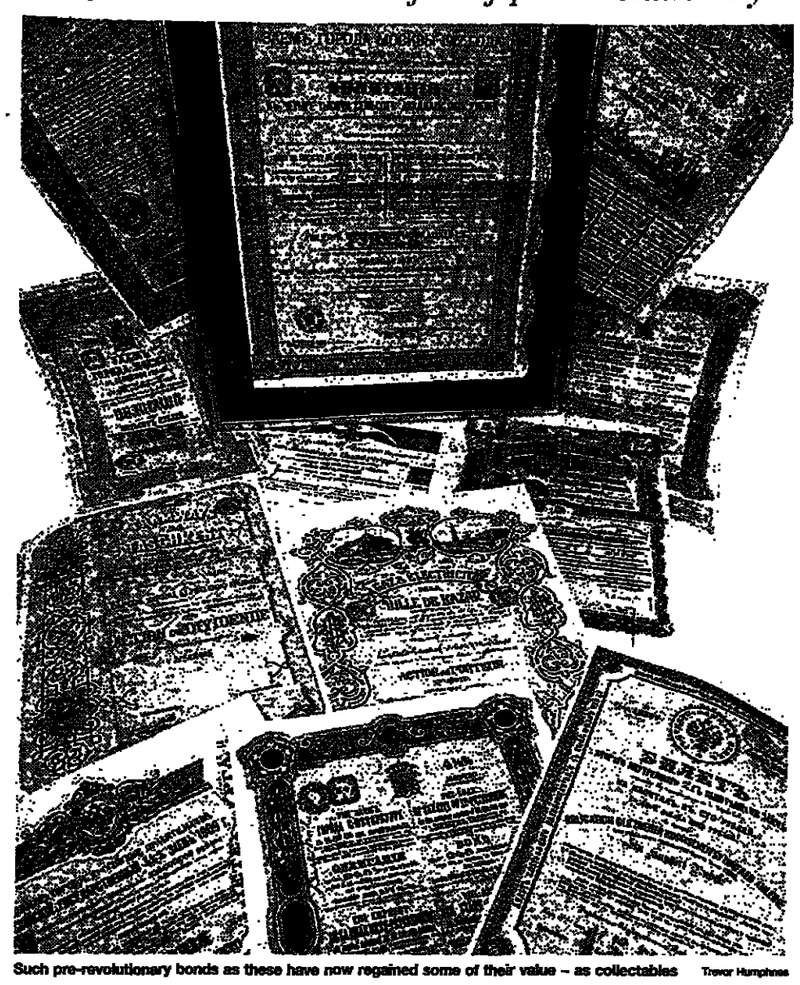
Last week on these pages, John Thornhill was describing the pitfalls and the potential pay-offs from investing in the fledgling Moscow Stock Exchange. It must be one of the most speculative propositions on offer but at least one merchant bank, Morgan Grenfell, sees potential returns that would match Tokyo in the 1980s.

But what of people holding Russian stocks and bonds dating from pre-revolutionary days? How do they stand ?

In the 19th and early 20th centuries, the Russian government, along with companies and cities, looked to the west – and, in particular, the UK – for most of its investment revenue. Bond and share certificates, issued by the City of St Petersburg or the Moscow-Kiev Railway, have been accumulating dust in bank vaults and deed boxes in the UK for many decades. Have they any value ?

Yes – as a collectable. They are a thriving part of scripophily, a term coined in 1978 following a newspaper competition to find a name for the new hobby of collecting old bond and share certificates. The craze started in Germany early in the 1970s and, for a brief period between 1978 and 1981, was itself the source of a speculative boom comparable with the railway mania of the 1840s or the Californian gold rush.

Riding the helter-skelter was Stanley Gibbons. This respected stamp dealer acquired from banks and brokers millions of old share certificates, bonds and treasury bills and began selling them to the public.



Such pre-revolutionary bonds as these have now regained some of their value – as collectables Trevor Humphries

Fuelled by a City boom, it drew in thousands of new collectors who were persuaded they were acquiring a decorative document that was ideal to cheer up an office wall and could also be a good investment. Perhaps the certificates might be redeemed one day; certainly, new collectors in the frothy market place would force prices up.

Indeed, prices did move up frantically for months. In October 1979 alone, Gibbons sold £700,000 worth of material and, at the peak of the boom, one 1898 Chinese bond was, reputedly, sold for £15,000. Today, in perfect condition, it might sell for £3,000 – for Gibbons had over-reached itself.

When the collapse came, it was sudden and final. The new management team at the company considered accepting an offer of £20,000 for its entire unsold stock, numbering over 3m documents. In the end, consultant Leslie Tripp was called in to clear up the mess, and he raised more than £100,000 by selling the documents around the world to dealers and collectors.

Then, an odd thing happened. In 1986, the Soviet Union, motivated by *perestroika* and a wish to join the International Monetary Fund, offered to redeem the old Russian bonds and shares. Money was unfrozen in British bank accounts to finance the deal. And while it was thought originally that holders would receive just 10 per cent of the face value of the documents, the take-up in the end was not as great as anticipated and they got 54 per cent.

This meant that anyone who had bought a £100 Russian bond from Stanley Gibbons in 1979 for perhaps £20 would have been able to cash it in for £54. China and other east European governments also made once-and-for-all offers to redeem stock late in the 1980s.

Yet, some speculative opportunities remain. East German cities have not settled and some of those owning City of Dresden £100 bonds of 1927, for example, might get a happy surprise one day – although only if they bought such certificates in recent years. At the height of the 1980s' boom, a good example might have cost £350; recently, they could be obtained for £10.

There is also talk that Russia might come to an agreement over pre-revolutionary shares sold in France, which has boosted prices there. And, as Fidel Castro ages, US collectors of Cuban bonds and shares are getting excited about an eventual deal.

To a very great extent, though, the investment element has disappeared totally from scripophily and dealings have become the passion of just a few thousand collectors, many of whom work in the City of London or in banking.

Most buyers are looking for an attractive wall decoration. Tripp – who now runs Scripophily International Promotions and acts as an adviser to Phillips, which holds three specialist auctions a year in this area – says typical clients are western oil executives sent to work in Russia who like to hang share certificates of pre-revolutionary Russian oil companies in their offices there.

Prices are still very low. An attractive St Petersburg 1913 £20 bond can be acquired for £22: because they are rarer, a £100 bond might cost £40. Condition these days is all important, but many still are mint.

Russian railway bonds are much collected. At Phillips' auction on October 7, a lot of 72 railway bonds – including Moscow-Smolensk 1869 and Black Sea-Kuban 1911 – sold for just over £500. Three city bonds, including City of Klev £100 of 1914, made less than £100.

There is little to suggest that certificates will yet again become the centre of a speculative frenzy. But as capitalism takes hold in Russia, eastern Europe and even China, millions of potential new collectors of old shares and bonds will become available.

Even without this extra demand, though, old certificates remain intriguing, attractive and cheap mementoes of business history.

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Where the Revenue is wrong

In 1993/94, I had capital gains of £6,878 and losses of £2,208, all after appropriate indexation. In other words, I was £1,130 below my annual CGT allowance of £5,800. Thus, I reported chargeable gains of "£5,800 or less". But I am not clear, after reading several tax handbooks, whether I can carry the £1,130 forward to future years.

■ On the basic point, the Revenue maintains steadfastly that the answer is no. But we (and other experts) believe that the House of Lords will one day confirm our reading of the law – namely, that the answer is a qualified yes (depending upon the amounts of the individual allowable losses).

The practical problem is that few taxpayers can afford to fight the Revenue up to the House of Lords in order to establish what the law really is (as distinct from what the Revenue says it is).

A subsidiary point arises if any part of your "losses of £2,208" relates to disposals after November 29 1993. If there were any (apart from disposals which produced a chargeable gain after indexation relief), you might like to come back to us with the full facts, figures and dates because the carry-forward rules for indexation losses are different from those for allowable losses.

So far as we know, the Revenue's views on carrying forward 1993-94 indexation losses to 1994-95 (only) are the same as our own: it is only on the carrying forward of allowable losses that we differ (and have indeed differed since 1965).

Challenging an assessment

My company vehicle was bought new in October 1991 for £16,000 at a time when the list price was £19,750. My tax inspector has now issued revised assessments for the past three tax years.

He maintains that the discount was given at the individual dealer's discretion, and says dealer discounts are not taken into account when calculating the market value for tax assessment purposes.

Can I challenge him? I believe many company car drivers may be in a similar position.

■ You really have no hope of success in your appeals without professional assistance. You must also be prepared to go to the House of Lords because the Revenue is virtually certain to refuse to accept defeat before the Special Commissioners, the High Court or the Court of Appeal.

The first step is probably a talk with the company's auditors or tax advisers. You might well decide that the cost of a successful appeal would probably exceed the amount of tax at stake.

It is on that basis, of course, that the Revenue wins most of its battles with taxpayers for, despite the Taxpayer's Charter, it uses its financial strength to discourage objections to its decisions.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

No tax on money gifts

My question concerns inheritance and capital gains tax. Can my husband and I give our children money now – to buy better houses, cars etc – without paying more tax?

He says any money spent like this is liable for tax but common sense tells me this cannot be true. After all, it is our money and tax was paid when it was earned.

■ If you give shares etc to your children, you will be liable to pay CGT as though you had sold them to the children at market value. But there will be no CGT on gifts of money (sterling). In either case, though, there could be an IHT liability if you were to die within the following seven years.

Ask your tax office for the free pamphlets CGT14 (Capital gains tax: an introduction) and IR45 (What happens when someone dies).

We take it all your children are over 18. If not, their income from any gifts could be taxable as though it were your own.

CGT INDEXATION ALLOWANCES: SEPTEMBER 1994

Month	1982	1983	1984	1985	1986	1987	1988
January	-	1.755	1.670	1.590	1.507	1.450	1.404
February	-	1.748	1.663	1.577	1.501	1.444	1.398
March	1.825	1.745	1.658	1.562	1.499	1.441	1.393
April	1.789	1.720	1.636	1.530	1.485	1.424	1.371
May	1.776	1.713	1.630	1.523	1.482	1.423	1.365
June	1.772	1.709	1.626	1.520	1.483	1.423	1.360
July	1.771	1.700	1.627	1.523	1.487	1.424	1.359
August	1.770	1.692	1.612	1.519	1.482	1.420	1.344
September	1.772	1.685	1.609	1.519	1.475	1.416	1.338
October	1.763	1.679	1.599	1.517	1.473	1.409	1.324
November	1.754	1.673	1.594	1.512	1.460	1.402	1.318
December	1.757	1.669	1.596	1.510	1.456	1.404	1.315

Month	1989	1990	1991	1992	1993	1994
January	1.306	1.213	1.114	1.069	1.051	1.026
February	1.297	1.206	1.108	1.064	1.045	1.020
March	1.291	1.194	1.104	1.061	1.041	1.018
April	1.269	1.159	1.089	1.045	1.031	1.006
May	1.261	1.149	1.086	1.041	1.028	1.002
June	1.256	1.144	1.081	1.041	1.028	1.002
July	1.255	1.144	1.084	1.045	1.031	1.007
August	1.252	1.132	1.081	1.044	1.028	1.002
September	1.244	1.121	1.077	1.040	1.022	
October	1.234	1.113	1.073	1.038	1.023	
November	1.224	1.115	1.069	1.038	1.024	
December	1.221	1.116	1.069	1.042	1.022	

Source: Inland Revenue

Your CGT

The table shows CGT indexation allowances for assets sold in September. Multiply the original cost of the asset by the figure for the month in which you bought it. Subtract the result from the proceeds of your sale; the balance will be your taxable gain or loss. Suppose you bought shares for £6,000 in September 1985 and sold them in September 1994 for £13,000. Multiplying the original cost by the September 1985 figure of 1.519 gives a total of £9,114.

Subtracting that from £13,000 gives a capital gain of £3,886, which is within the CGT allowance of £5,800. If selling shares bought before April 6 1982, you should use the March 1982 figure. The RPI in September was 145.0.

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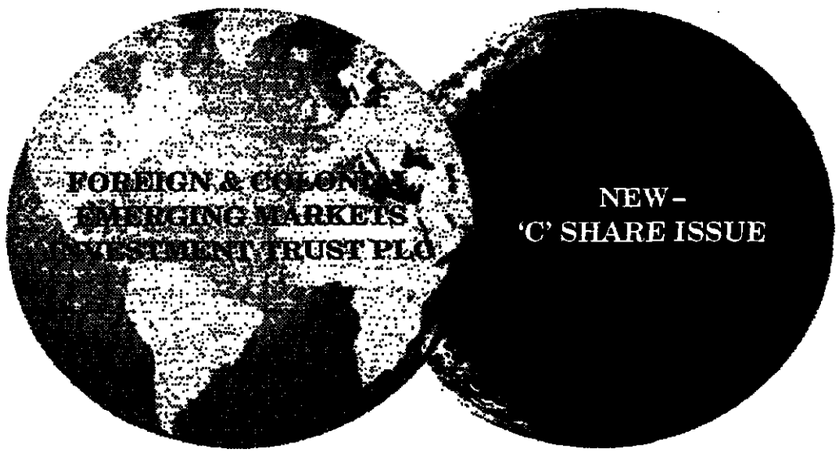

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TRAVEL

Sweet-natured and time-warped

***Nigel Andrews** visits Graz, an Austrian town that is closer to Italy than to vibrant Vienna*

At 11am the two tall mullioned windows opened. A lederhosened man appeared in one, holding high a foaming tankard. A dirndl-wearing woman appeared in the other, clasping a white handkerchief. They danced on the window-ledges to traditional Austrian tunes. Then, at 11.05, they went back in and the windows closed.

Such is life in Graz, Austria. These two near-lifesize figures perform this glockenspiel show – one of the most endearingly dotty in Europe – twice-daily at 11am and 6pm. For us foreigners, watching it is just one of those bizarre things we do if we have arrived by design or accident in Austria's second city.

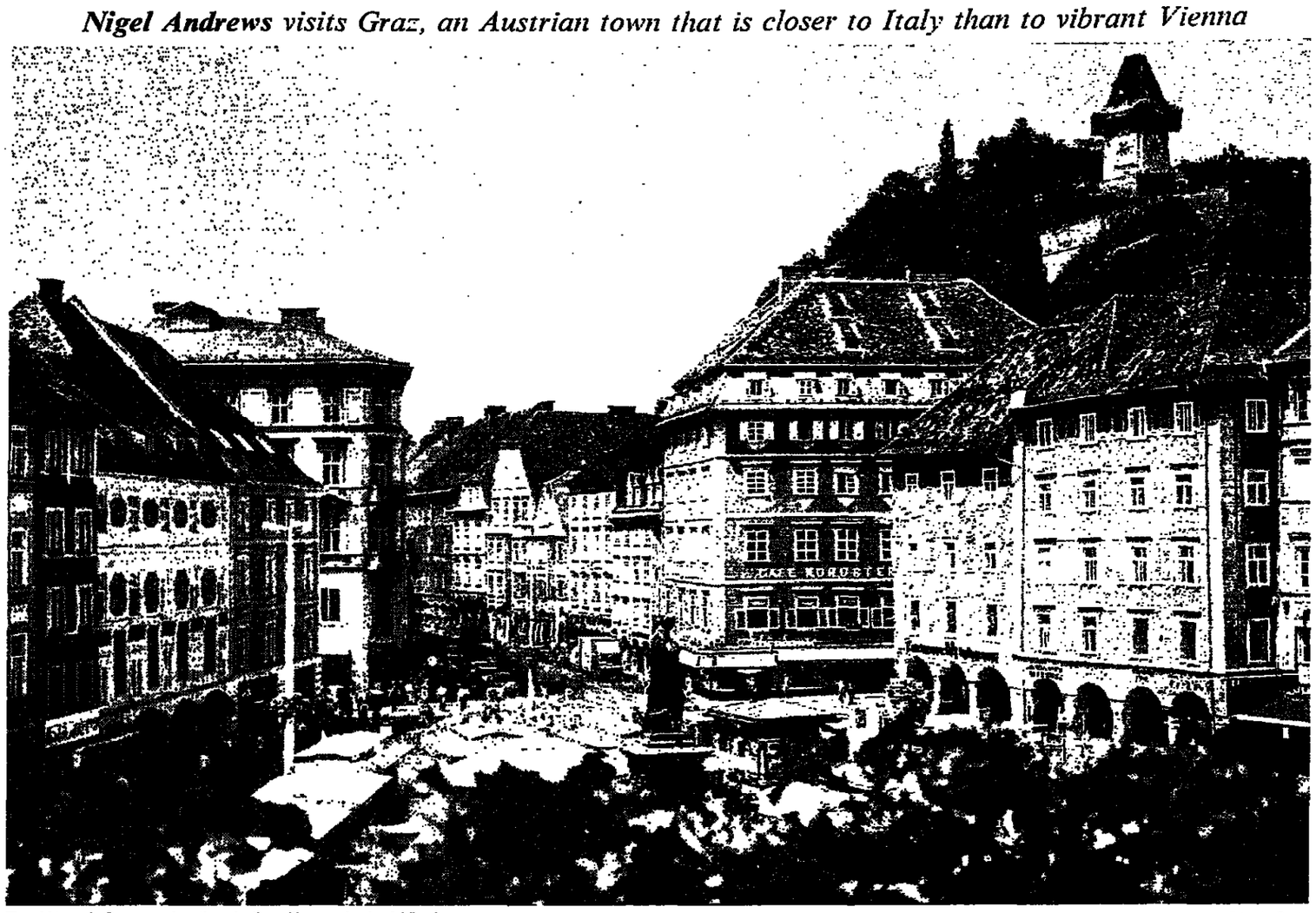
Graz, we soon discover, is a charmer. It has a bewitching old town and a no-less bewitching access to surrounding villages landscaped as if by the production designer of *The Sound Of Music*.

I had driven to the city from Venice, just to have a roundabout return route to England after the film festival. Also, my Venice hotelier's wife came from Graz and had waxed poetic. I booked in at the five-star Grand Hotel Wiesler, which gazes across the pretty, fast-flowing River Mur into the onion domes and steeples of the old town and – swivel your eyes to the left from the Wiesler bay window – up at the majestic Schlossberg. This inner-city crag is studded with bits of history and architectural oddity, including what may be the most handsome clock tower in all the German-speaking countries.

This is not the timepiece that boasts the eccentric dance: that is down in the mazy town in Glockenspielplatz. The Schlossberg clock is set into a tall creamy-white four-sided tower and was built so that the time could be read across the city. It was one of the landmarks saved by the town – expensively – when conquering Napoleon made ransom demands. Graz also paid up to save the elegant 115ft Glockenturm, across the way on the Schlossberg, with its four-ton Liesl bell.

Graz is embossed with history. It spent 200 years holding out against the Turks. It was an imperial seat of the Habsburgs from the 14th to 17th centuries. Later it flourished in the 19th century under Archduke Johann, who has a fountain named after him in the Hauptplatz.

Yet grandeur in Graz jostles with an endearing laidbackness. I became convinced, as I puffed up the Schlossberg and down again and then wandered through the *alte stadt*, that Napoleon would not have bothered to raze the place anyway. It has such sweet-naturedness. The winding, imprecise lanes of the old town match the winding, imprecise lines of the people's faces.



The old town in Graz: grandeur there jostles with an endearing laidbackness — Bohnacker/Bratsch

These are conservative Austrians lost in a provincial centre closer to the wilds of alpine Italy, and to "the former Yugoslavia", than to vibrant Vienna. Walking the time-warped streets, you find yourself in a waking sleep from which you are aroused now and then only by the shrill alarm of a trolley-car, that silent panther of the streets, as it all but runs you down in the middle of the road. A Graz citizen once saved my life by hissing a helpful "Achtung!"

The old town is a preserved marvel. In the pedestrianised main street, the Herrengasse, every building has its own history or aesthetic signature. Seek out Number Three, the "Painted House", its façade a riot of 18th century frescoes. Check out the Renaissance Landhaus, with its ornate Italian-style courtyard; and next door the Landes-Zeughaus (provincial arsenal) with its 16th-17th century armour and weaponry collection: enough guns and swords (30,000) to stock a Hollywood history epic.

And around the Herrengasse, take in the baroquely stuccoed Haus Luegg and the threadwork of medieval streets around the Gothic Franziskanerkirche (Franciscan church). For still-hungry culture vultures there is the Landesmuseum, stuffed with Brueghels and Cranachs, and with furniture and objects dating back to the middle ages.

Then take an afternoon off to leave the city altogether. We are of course in Styria – Austrian, "Steiermark" – where you expect Julie Andrews to prance over every hill. Drive out to Thal, the nearest truly rural village, and you have seldom seen anything so shimmeringly beautiful. The air is clear. The grass is a hallucinatory green. Cows and horses dapple the flanks of rolling hills. Plum and chestnut trees sway in late September under the weight of late-summer produce.

I was lured to Thal by reports of a strange and beautiful church. The Ernst Fuchs-designed chapel, cresting a gentle hill opposite Thal's only school, is indeed a stunner. It is built in azure-blue corrugated metal. Its bold, even kitschy post-modernism – *the style is officially* titled "Phantastische Realismus" – is all the more striking for being attached to a traditional Austrian-style spire.

Inside, Fuchs has had several brainstorms. The floor and seats are impastoed with pebbles, making the interior resemble some rioting country stream-bed. Meanwhile rainbow colours beam from the ceiling and *mystical murals* (Samuel Palmer out of Holman Hunt) brood around the altar.

This is not the only landmark Thal offers. If you come out of the church and stare over the hills you may see, a mile away, a white three-storey house without a number on it or any distinguishing mark. It sits across from a hill covered with castle ruins. It is Arnold Schwarzenegger's *boyhood home. Not a lot of* people know this: do not tell Arnold, if you meet him, that I sent you.

Every summer, Thal's large lake, the Thalersee, swarms with visitors and is heaven to sit by in almost empty September. You clutch a beer and gaze at the ducks. You think that, good heavens, this was where young Master S first started limbering up to become a bodybuilder.

Back in Graz, the sky is salmon-pink and copper over the old town and I saunter out for supper. Seduced by location, I make the mistake of eating at the foot of the stone stairway zig-zagging up the Schlossberg's sheer west cliff.

The Café Tourist Trap, as we shall call it, serves a piece of rancid shoe leather "in the Styrian style". This means in this case, wrapped in a garlicky-sweet sauce of rare repulsiveness. Good Styrian food is available, though, in other cafes and restaurants: one being the Hof Keller.

And you can always look forward to the Hotel Wiesler's buffet breakfast: an outrageous largesse of bacon, eggs, ham, sausage-meat, cheeses, *Danish pastries, cereals*, yoghurts ... Later, too, I have a Wiesler club sandwich, which is outstanding. If you have a dressed salad with it you can taste the local speciality, pumpkinseed oil.

I am beginning to like Graz. But oh dear, it is time to go. The Wiesler will soon be valet-ing forth my car. I go out for one last mental-snapshot walk along the Herrengasse and then back over the purling Mur to the Hotel.

I have nearly lost my life to several trams. I have frequently lost my breath climbing up Navarone-like cliffs. I cannot understand German, at least as spoken with a Styrian accent. I have no regrets: I shall be returning to Graz as soon as possible.

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Minding Your Own Business

Out to prove that Esops are no fable

The meeting was protracted, tense and in need of light relief. It eventually arrived. A noisy, difficult shop steward suddenly got up and walked out saying he wanted no more plans to introduce an employee ownership scheme into the bus company.

"Unfortunately in the heat of the moment he took the wrong door and ended up in the broom cupboard," said Nigel Mason, a director with Capital Strategies.

"The incident broke the ice perfectly. There was instant hilarity and the atmosphere changed completely. A few minutes later the man emerged from the cupboard in a different frame of mind and negotiations were resumed. He eventually put far more than the minimum investment into the scheme."

Mason, 35, and his team of eight at Capital Strategies specialise in employee buy-outs and introducing employee share ownership plans (Esops) into existing organisations. In spite of being small they claim to be leaders in the field.

Since the company started in January 1992, Mason and his team have arranged Esops for organisations ranging from a Scottish paper-making company with 1,400 employees to a 10-man Midlands retailing operation in which the husband and wife owners wished to relinquish control gradually.

They have advised 10 bus companies on Esop schemes and completed schemes with six of them. Since the beginning of this year the company, which has offices in a former print and board warehouse in Shoreditch, London, has followed a slightly different tack.

"We realised we had pretty well exhausted the bus company market. Our experience of the private sector showed it to be more diffuse and difficult to find the right sort of companies to target than public sector organisations that were making the transition into the private sector, so we have been looking hard at the latter," said Leon Boros, finance director.

Boros, 32, and his co-director Ann Tyler, 36, a lawyer, decided to direct the fourth member of the fee-earning team, Simon Smith, towards a six-month marketing exercise developing business in the public sector. The company could afford this. It had a capital base of £71,000, no borrowings and a profit at the last year end of almost £100,000 on a turnover of £400,000.

The company believes the exercise has paid off. Smith has been looking hard at local government services such as waste disposal, accountancy and financial services, ground maintenance and architectural and planning services, all of which are now exposed to competitive tender. A solution for many is to arrange employee buy-outs or joint ventures with employees.

Smith is about to conclude a contract for Capital Strategies to advise one of the 25 franchisees that will eventually manage segments of the railway system and, recently, he and Tyler spent two days at Hem Hill colliery, Stoke-on-Trent, *conducting interviews* with 150 miners and surface workers for Coal Investments, which leases four mines from British Coal.

Capital Strategies is about to recruit two new fee-earning staff because of Smith's work. His efforts, which were non-fee-earning, mean that profits are likely to dip below the £100,000 level this year.

"This was to be expected. We now have more support staff and a higher cost base from which to calculate. From our experiences in this field before *we came together we all know* that the likely trading pattern means there will be one good year and one bad year," said Mason.

The company's policy is to plough back profits at the end of the year. Its main obligation is to pay a dividend on the £35,000 working capital put up initially by Scott Bader, a long-established employee-owned business based in Northamptonshire that manufactures synthetic resins.

Scott Bader is chaired by a former joint managing director of British Rail, Jim O'Brien, who is the non-executive chairman of, and an occasional part-time consultant for, Capital Strategies.

The four believe employee ownership will grow. "In the US there are 10,000 Esops representing 12 per cent of the private sector workforce. In this country, with an economy that works in a broadly comparable way in the mid-sized sector, there are about 150 companies with more than 50 employees that are more than 30 per cent owned by employees," said Mason.

Mason said that in the US figures showed the investment performance of quoted companies, which were more than 10 per cent employee-owned, outperformed the main Standard & Poor's US index by more than 25 per cent.

Capital Strategies operates like any other consultant, charging negotiated fees. For some jobs however they have to accept work on a contingency basis, which means "no success: *no fee*".

"Our appetite for this kind of more risky work is limited, but we have to be competitive with some of the big city accountancy firms who will sometimes take on work of this sort on a contingency basis," Boros said. "We have come to live with risk."

"However, as we grow, while the risks associated with individual big projects will get greater, the spread of our portfolio will reduce overall risk."

Capital Strategies has recently attracted an investment of £150,000 in the company from the Baxi Partnership, the UK's biggest employee-owned manufacturing company.

Between them Baxi and Scott Bader jointly own 32 per cent of the equity. In addition Baxi has advanced the money to set up a £150,000 revolving loan fund to assist managers and employees to investigate the possibility of employee buy-outs using the services of Capital Strategies.

The other important activity is the establishment of a £20m venture capital fund by means of which institutions would be able to invest in employee-owned companies.

"We have found part of the finance and we are looking for a professional fund manager to administer it," Mason said.

"This will be the first fund in the UK dedicated to employee buy-outs, *and of course* the plan is that we shall be able to refer Capital Strategies' clients to it. It's all part of our plan to convince people that in the UK Esops are no fable."

■ *Capital Strategies, 59 Charlotte Road, London EC2A 3QT. Tel: 071-613 3745.*

Clive Fewins

Camping it up in relaxed, small-town America

***Nicholas Woodsworth** enjoys the friendliness of Cape Cod*

Provincetown, Cape Cod: in the summer season its 3,500 population swells to more than 50,000

Robert Harding Picture Library

I was on US Highway 6, 10 miles out on Cape Cod and heading eastwards off the end of the continent. Looking down at my speedometer, I realised I was driving too fast. Hair-whippingly, aerial-bendingly, licence-confiscatingly fast. I was racing to land's end, to Provincetown. Why? In some futile way, I was trying to outrun America.

I had been on a tour of New England, surely the most civilised place in the US. There is some northern level-headedness here, some Yankee scepticism that wards off the worst of the nation's looniness. This was not drug-crazed Miami, gun-ridden Texas, or freeway-maddened Los Angeles. This was the ocean playground of Cape Cod a few days after Labor Day. The crowds had gone home, the end-of-summer weather was warm, breezy and luminous, and I felt as if I were playing truant from school.

And I was, in fact, bent on avoidance of some sort. After a few days on the road I was feeling numbed. I was fazed by America's vast appetites, by its endless obsessions. For winning. For snack-food. For real estate. For guns. For fame. For immoderate, indiscriminate and violent behaviour of all kinds. I wanted to get away.

Even here, far out in the Atlantic Ocean on this curving spit of sand, there was no getting away entirely. When I came to the place on US 6 where Barnstable sat to my left and Hyannis Port directly opposite it on my right, I gave the accelerator a vigorous stab and surged ahead.

I felt as if I were running a gauntlet. Both places are settings of modern American mythology, Barnstable being the beach resort town gripped by submarine terror in the movie *Jaws*, Hyannis Port being the headquarters of the Kennedy clan.

Both Barnstable and Hyannis Port stories reach a climax with the central character – shark in one case and American president in the other – having their heads blown open. It seems a too common ending to American fables these days.

It was only in the little town of Wellfleet, 50 miles out on the Cape and well into the protected Cape Cod National Seashore area that I began to slow down and calm down. Commercially, Cape Cod leans pretty heavily on its Puritan-forefathers' past. But out here there was less development – fewer up-market, colonial-style bed-and-breakfasts displaying American flags and vengeful bald eagles, fewer "shoppes" selling over-priced antiques, blown glass, old-tyme fudge.

In Wellfleet, I sat in the sun on the wooden porch steps of a small general store, sniffed the sea air, and watched sunburnt kids in shorts zoom up on bicycles, braking in the gravel in front of the store in a small cloud of dust. It felt welcoming, something from my own small-town childhood summers.

There was nothing from my childhood summers in Provincetown. "P-town", as locals know it, is not big; its year-round population of 3,500 lives for the most part on two long streets running parallel to the sea at the very tip of the Cape. But Provincetown is not a year-round kind of place: in the summer season its population swells to more than 50,000. Even now with the holidays over, one of the last fine weekends of the summer had drawn crowds to the Cape.

Nor was there anything conventional about these crowds. Provincetown is the only place I have visited where there are more single-sex couples wandering along hand-in-hand than heterosexual couples.

Off I ambled down Commercial Street, through Provincetown's motley collection of weathered grey clapboard Cape houses, smart boutiques, art galleries, bars, restaurants, tacky tourist shops and fine old mansions. I was not sure what to make of it all.

There were great numbers of young, muscular men almost uniformly outfitted in close-cropped hair, moustaches, loose khaki shorts and heavy construction boots. Occasionally an outrageously camp transvestite in wig and gold lamé dress would saunter past.

Once I saw a group of four men in work boots and skirts trudge by. And almost as numerous as the male couples were the female couples; heavy boots for many of the younger women, too, were *de rigueur*. "Deride us at your peril," they seemed to warn. "We are not as defenceless as you might think."

But in Provincetown, gay capital of the east coast US, such statements are more a question of fashion than body politics. What impressed me most about the place was its relaxed, friendly manner, the lack of stress which is urban America's invisible backdrop.

Saturated in an atmosphere of sexual tolerance, Provincetown seems to have shucked off the enveloping fear of potential aggression – not just sexual, but physical, racial, and social as well – that is never far from the surface in America's public life. Gay or straight, most visitors find Provincetown, to use that much-laboured word, liberating.

But America remains America, and sexual liberation has its own looniness and tragedies. That evening I attended a "Celebration of Life" at the Unitarian universalist meeting house, a large and lovely old wooden church in the centre of Provincetown. This was just the curtain raiser to a weekend's worth of festivities, a defiant kick in the teeth to Aids, the disease that has carried off a good proportion of Provincetown's gay social and business community. Where gays have disappeared, lesbians have tended to take their place. What, I wondered, would earlier and sterner generations of Puritan New England church-goers have made of the proceedings?

Wild Women of All Sexes, a female percussion ensemble, welcomed celebrants with a feverish tattoo of African drum rhythms as they filed into church pews. A long string of coloured ribbons, on each of which we had been invited to write the name of someone we loved, was stretched over the pulpit. The Reverend Jennifer Justice, an exuberant young clergywoman, delivered opening words on the themes of peace, joy, hope, love and the affirmation of life.

Then came a medley of songs by the Fabulous Dyketones, four butch-looking, acoustically-correct young women in black leather jackets; Marjorie Conn and a lesbian love poem to Eleanor Roosevelt; stetson-hatted West End Wendy, who yodeled her way through *When a Cowgirl is Happy*; Betsy Sykes, a Buddhist who distributed paper dragon stamps and instructions on how to burn them while meditating; Proud Mary, a young man who did a drag queen strip while walking down the nave to the altar. I could go on, but you have probably got the general idea by now.

I was not entirely sure that I had; I walked out of church with my head reeling. What had lead historic Provincetown, the place where the Mayflower's Pilgrim Fathers had made first landfall before moving on to Plymouth Rock, to such a curious pass? Surely one had a right to expect a town of unbendingly conservative moral fibre. I decided to consult a specialist.

Leona Egan, a writer and local historian, laughed at the idea of a conventional Provincetown when I met her in her old book and antique shop, The Ironmonger's. She moved to Provincetown for its flamboyance 17 years ago, she told me, but it was just as flamboyant a place 70 or 170 years ago as it is now. Gays and lesbians are just the latest in a long line of bohemians and non-conventionalists to adopt the tip of Cape Cod as their own.

"It has something to do with being way out on the periphery, away from the middle class mainstream of American life," she told me. "If you come out this far, you are looking for something different."

If Provincetown was traditionally cut off from the mainland by 60 miles of sand dunes and poor tracks, Egan explained, its role as an international fishing port in the mid-1800s, when it played host to ships from many countries, made it all the more liberal, cosmopolitan and tolerant. Economic decline as a port at the end of the 1800s did not spell its end. While other small towns along the New England coast – Newport, Nantucket, Martha's Vineyard, Bar Harbour – became select summer resorts for the wealthy and influential, Provincetown's isolation and cheap rents drew artists and intellectuals looking for escape.

The playwright Eugene O'Neill was probably the town's most famous resident, but he was not the first: a major school of American impressionist art had established itself here before the turn of the century. Edmund Wilson wrote here in the 1920s, John Dos Passos in the '30s, Tennessee Williams in the '40s. But Provincetown has never admired pretensions or high-brow snootiness; along with the bohemians came yearly waves of summer tourists, the source of Provincetown's livelihood.

"One must never assume that the art gallery assistant or the waitress who serves you are simply what they appear to be," Egan warned. "All sorts of talented people find endless inspiration here and do whatever they can to stay on. This is not just a gay centre, it is one of the most beautiful coasts in America."

And so it is. While most of the town gathered at the boat slip to celebrate the Swim for Life, a mass swim across Provincetown harbour, I celebrated the beauty of Cape Cod with a bicycle ride past high sand dunes and sedge-lined tidal flats.

Bike rides and summer days always remind me of simpler, long-gone times. So relaxed did I become, so forgetful of America's extraordinary extremes, that by sunset I almost forgot where I was. Only when I arrived at Herring Cove to find a posse of armed state troopers checking out the Festival of the Spirit of Happiness – a sort of new-age beach party with drums, costumes and a lot of hugging – was I reminded.

■ *Nicholas Woodsworth travelled to Boston with Virgin Airlines (tel: 0293-747747), which offers off-peak Apex return fares there for £169. In Boston he stayed at the Hyatt Harborside Conference Center and Hotel, 101 Harborside Drive. Tel: 617 568 1234. Fax: 617 567 8356.*

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Wine

Just a little local difficulty

***Jancis Robinson** reports on a sour taste in the northern Rhône*

Does France's oldest wine region need an *enfant terrible?* Almost certainly not, but never mind. Michel Chapoutier shows no signs of either growing up or calming down, which makes life for the rest of us extremely entertaining.

His neighbouring vine growers on the famous, vine-covered hill of Hermitage in the northern Rhône Valley just south of Lyons are less amused. Indeed the atmosphere in the tiny, wine-dominated town of Tain l'Hermitage, where all but one of the famous names of the Rhône are based, has become distinctly vinegary.

The trouble with young Chapoutier, who took over this substantial family business from his father as recently as 1989, is that what he makes up for in fervour, he lacks in statesmanship. He is diminutive, wears a swot's pebble glasses, has a rare passion for irony and visibly tries, invariably unsuccessfully, to control his tongue.

He is utterly besotted with biodynamism, the Steiner-inspired farming techniques which involve regenerating the soil in harmony with astrology. He is also convinced that low yields are the key to wine quality, and usually accompanies his tasting notes with impressively low hectolitre-per-hectare statistics.

Michel Chapoutier is equally convinced, however, that most other producers in the northern Rhône (including his father Max) have got it wrong, and rarely misses an opportunity to point this out.

Things came to a head this summer when Robert Parker, the influential American wine critic, clearly much taken with the intensely concentrated "new" Chapoutier style, printed Michel's complaints that during the difficult, wet 1993 growing season the chemicals used by neighbouring vine-growers affected the margins of his vineyards, leaving them vulnerable to the fungal diseases which ravaged many non-biodynamic vineyards.

The result was an intemperate letter to Parker from the *crème de la crème* of Hermitage, including Gérard Jaboulet, Chave, and Delas, vilifying Chapoutier, claiming that his Hermitage vineyard had in fact been treated with weedkiller, and had been sprayed by helicopter. These other growers also included some figures which suggested that Chapoutier's average yields were considerably higher than he claimed.

Now Michel Chapoutier has issued his response in this dispute between the most prominent inhabitants of Tain l'Hermitage (population 5,000), all of whom work cheek by jowl.

He must have chuckled at the helicopter accusation, for of course there is nothing essentially anti-organic about heli-spraying – indeed the fanatical Lalou Bize-Leroy, "the queen of Burgundy", applied several tisanes by helicopter to her world-famous vineyards last year.

The weedkiller claim is furiously rejected by Chapoutier and described as one of the most serious. His reply also contains some laborious play with statistics, notably with red and white wine areas as factors, to demonstrate that Chapoutier's yields in Hermitage were a relatively modest 33.15 hl/ha in 1993 (in Châteauneuf-du-Pape just 20.46 hl/ha).

The rain, which also dogged this year's harvest in the northern Rhône, is unlikely to wash away the issues involved in this dispute, however. Gérard Chave describes Chapoutier's response as "Unbelievable. I have never seen anything like this in the whole of my professional life."

Chapoutier acknowledges in his reply that he is widely criticised for being young and passionate, and claims that it is his youth which spurs him to take a long-term view, embracing the methods and low yields which he believes will preserve the good name of France's great wine appellations.

What is interesting, he concludes, is to ponder the real motivation of his angry neighbours? With the irritating tunnel vision of any young revolutionary, he suggests they are propelled by fear of these "new" techniques, and the sacrifices that will be necessary to implement them.

In modern viticulture, radicalism means a return to traditional roots, a rejection of the commercial agro-chemistry which has transformed vineyards in the last three decades. In winemaking too Chapoutier is notable for an attachment to ancient methods, particularly the much-photographed twice-daily *pigeage*, during which four muscley legs stomp down grape skins in the firm's unfashionably open-topped, wooden fermentation vats.

Certainly the new Chapoutier wines, from 1989 onwards, are impressive. They are refreshingly wild and intense (just like their maker), the sort of dense essences that require good cellaring and careful handling.

And they are available in the sort of quantities that propel all but the most limited bottlings into major distribution (Marks and Spencer even tried its hand with a Chapoutier Rasteau but it was far too risqué for it). Majestic, Oddbins, Thresher, Adnams of Southwold, Averys of Bristol, Gauntleys of Nottingham, Justerini & Brooks of London SW1 and Edinburgh and Tanners of Shrewsbury all stock some wines from the new regime.

What young Chapoutier needs is an adviser, less a Max Clifford publicist than Marcel Guigal, the softly spoken wizard of Côte-Rôtie 40 minutes' drive upriver. "Calm down," has been his advice to all.

Entertaining at home

How to give that perfect dinner

*Inviting friends for a meal? Chef and author **Ken Hom** has some tips for up-and-coming hosts*

Twenty years ago, when I was much younger and more naive, I entertained extravagantly. My dinner parties would have a minimum of 12 guests and no fewer than 12 courses. I would spend days preparing elaborate and obscure Chinese dishes.

I had much more time then and I had great pleasure and enjoyment preparing those meals. However, in the last eight years, with a heavy travel schedule and the pressures of a busy life, my style of entertaining has changed radically.

Now, I usually have no more than six guests and just three courses. My friends enjoy these intimate dinners as much as my lavish spreads of the past. Here then, is how I entertain today, simply but still elegantly, keeping the following tips in mind:

■ Invite friends you really want to see. Spending three hours at the dinner table with good friends is my idea of bliss. Remember, conversation and mix is almost as important as food and wine.

■ Do not invite the same guests all the time, it is nice to mix and match your friends. Never have a party with all the guests from the same profession, nothing is worse than talking shop all evening.

■ Do not skimp, buy the best ingredients and have good wines. This is vital if you have only three courses. Your chances of success are greater if your dishes are memorable.

■ Do not attempt new dishes, always entertain with tried and true recipes or dishes which you feel comfortable with. You do not need the additional stress of knowing whether the dish will be good or not.

However, you should feel free to mix and match dishes from different cuisines. For example, you could begin with a Chinese soup, then serve a lovely roast chicken with basmati rice, and perhaps a Thai stir-fry vegetable dish.

■ Avoid trying to impress your guests. I always think it is grander to make delicious simple food than to present pretentious mediocre dishes. There is no need to stick too rigidly to other people's rules about food, if you like fish with red wine, then serve it as such.

Remember to make dishes within the realm of home cooks. Chefs apart, I do not think your guests should expect you to be proficient in restaurant cooking. If you are making a Chinese meal, do not make more than two stir-fry dishes at any one meal. There are many recipes in the Chinese repertoire that are braised dishes, steamed, etc. and many can be prepared ahead of time.

■ Light meals are usually the best remembered ones. That means light or no sauces, avoid red meats, stick to fish or chicken. Nothing is worse than a heavy meal which can stay with you for the whole night.

■ Although I rarely use a microwave to cook, I have discovered that it does wonders to fish. It is as good as steaming the fish in the wok.

■ Soups, especially good ones are an elegant opening. I like them because I can make them days, even a week ahead. They freeze extremely well and reheat beautifully. If you like cream soups, add the cream at the last moment.

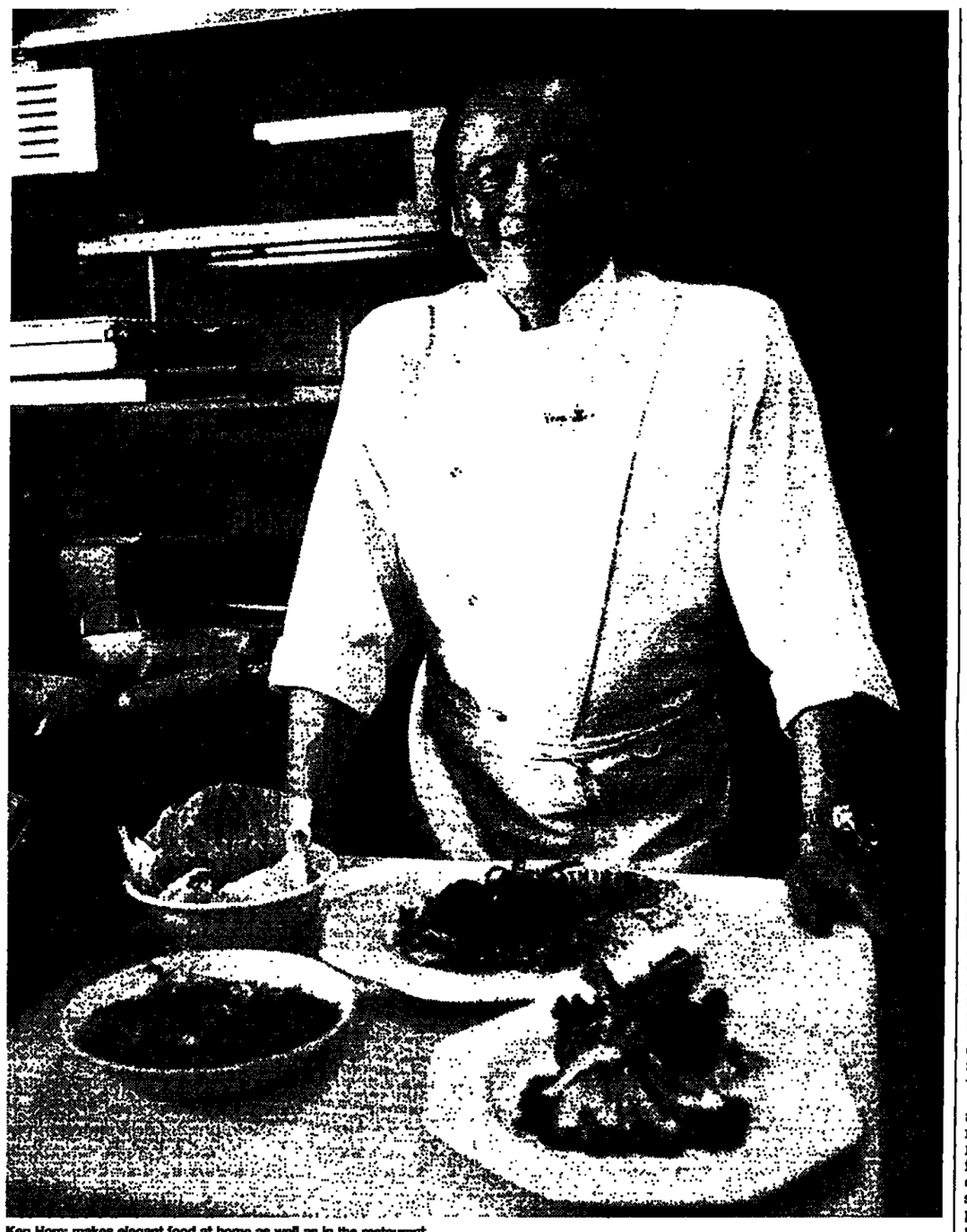
■ Give your dinner a few moments of thought before you plan it. All too often, home cooks plunge into organising a dinner party without thought to the balance of the meal, logistics, etc. Think about how you would feel as a guest at this dinner. If your instincts tell you that the dinner will be good, chances are it will be.

■ Start the evening with champagne, bubbles are always a festive start to any meal. It immediately puts everyone in a good mood and is an important factor that will determine how the rest of the evening will flow.

Buy the best – I especially like Louis Roederer – and, when it is special occasion and I feel flush, I will have a bottle of Roederer Cristal. By the way, I have found for my Chinese dinner parties that champagne is the perfect drink throughout the meal. The acid and sweetness seems to balance out the oils and flavours that one finds in Chinese cookery.

■ Do not clutter the table with a huge bouquet. Nothing is worse than trying to converse with flowers in your face. Place one flower at each table setting for a nicer and more elegant effect.

■ Finally, never panic. If something does not turn out the way you thought it should, do not mention it. Patch it up as best as you can, smile, have another glass of champagne and enjoy yourself.



Ken Hom: makes elegant food at home as well as in the restaurant

Here are two recipes from a typical dinner party at my house, they are easy to make and taste wonderful:

DOUBLE STEAMED MUSHROOM SOUP

Double steaming involves an unusual method of making a rich but clear soup. You must first prepare the soup in its own covered pot, so that it is producing its own steam.

Then you place it on a rack over boiling water in another pot, cover the pot tightly and steam the soup for three hours. This technique is usually reserved for the finest ingredients with the most delicate flavours and textures. Steaming is a gentle cooking method that works best with such foods.

In this soup, the highest quality of dried mushrooms that money can buy are used. They should be thick so that they can absorb all the flavours from the long steaming process. The result is a clear, concentrated and rich consommé redolent of the essence of mushroom. All the work can be done in advance. In fact, the soup can even be frozen a week ahead and re-heated. This soup would make an earthy and elegant opener for any meal.

50g/2oz finest quality dried Chinese black mushrooms; 900ml/2 pints/4 cups chicken stock; salt to taste.

Soak the mushrooms in warm water for 20 minutes. Then drain them and squeeze out the excess liquid. Remove and discard the stems.

Bring the chicken stock to a boil in a large pot. Pour the stock and the mushrooms into a pot or heatproof soup tureen. (This is the first steaming process.) Cover the pot or tureen and set it on a rack inside a large steamer. Keep this larger wok or pot tightly closed. Steam continuously for three hours. Replenish the hot water from time to time as necessary.

Adjust the seasoning with salt to taste and serve at once or allow it to cool thoroughly and freeze until it is needed.

QUICK STEAMED SALMON FILLETS

You can steam this dish in a wok or microwave. It cooks to perfection in the microwave.

1½lbs/700g salmon fillets; 1 teaspoon salt; ¼ teaspoon freshly ground white pepper; 1 tablespoon Chinese Shaoxing rice wine or dry sherry; 1 tablespoon light soy sauce; 3 tablespoons fresh chives, finely chopped; 3 spring onions, finely chopped; 2 teaspoons ginger, finely chopped; 1 tablespoon groundnut (peanut) oil; 2 teaspoons sesame oil.

Rub the salmon fillets evenly with salt and pepper, pour on the rice wine and cover tightly with plastic wrap.

Prepare the rest of the ingredients. Cook the salmon in the microwave oven at 100 per cent for 3-5 minutes, depending on its thickness. The salmon is done when it feels firm and not spongy. Remove and let sit for three minutes.

In the wok, combine the two oils and heat. While the oil is heating, sprinkle the salmon with the soy sauce, chives, spring onions and ginger. When the oils begin to smoke, pour this over the top, it should sizzle and be served at once.

■ Ken Hom's Chinese Kitchen *is published by Pavilion Books (£17.99 in hardback, 200 pages). His restaurant, Imperial City, is located in The Royal Exchange, Cornhill.*

Cookery/**Philippa Davenport**

Fragrant and sweet

The second part of a rice treat

Last week, I talked about different types of rice with Margaret Shaida, an Oxfordshire-born journalist and historian who married an Iranian and lived in her husband's homeland for 25 years.

Here is the second rice dish that Shaida cooked for me, said to have originated at court in Isfahan. Variations given in Shaida's book, *The Legendary Cuisine of Persia*, due to be published by Penguin (£12) on November 3, include lamb with dried apricots, and duck with barberries or sour cherries.

BAKED SAFFRON RICE WITH CHICKEN AND SPINACH

(serves 8)

A 4pt round ovenproof bowl is needed for cooking this dish. A Pyrex mixing bowl is ideal as it enables you to check that the crust is turning golden all over as it should. Iranians will wince at the unorthodoxy but two of the people who sampled this dish when I made it liked it best with a gravy spoonful or two of rich chicken broth poured over the white rice at table.

1lb dom siah or good quality basmati rice; 12oz chicken breast fillets (skinned and boned weight); 1½lb fresh spinach; 1 fat garlic clove crushed with a little salt; 7 fl oz plain yoghurt; 3 small eggs; a good pinch of saffron, pounded and soaked in scant 2 tablespoons boiling water; 3 fl oz sunflower or other light tasting vegetable oil; 3oz butter.

Cook the chicken a day ahead using the following method: Wrap each fillet separately in a double layer of food film, twisting the ends like a cracker and tying them with string. Drop the parcels into a pan of boiling water and cook at a bare simmer for 10 minutes. Lift the parcels out of the pan and leave for five minutes before unwrapping. Drain off the juices, cut the meat into large chunks and season with salt and pepper.

Beat the eggs with the yoghurt. Add the crushed garlic and cool saffron liquid. Stir in the chicken. Cover and refrigerate overnight.

Next day, wash the rice under a cold running tap for several minutes. Then leave it to soak for three hours in 4pts cold water with three tablespoons salt.

Wash the spinach, strip off any tough stalks and cook the leaves until tender in the water that clings to it. Squeeze well to drain off as much liquid as possible, season lightly with salt and plenty of pepper and set aside to cool.

Bring 4pt water and three tablespoons salt to a rolling boil. Add the drained rice, bring back to the boil, cover and cook for no longer than two minutes before testing the grain. It should be soft on the outside and still firm (but not brittle) in the centre. It may need half a minute or so more to reach this stage but probably not much longer. Remember the grain will continue to soften as it steams.

Drain the parboiled rice, preferably in a rice colander to avoid compressing it, and rinse it in cold water.

Now for the messy bit. Measure the oil into the 4pt ovenproof bowl and swirl to coat the interior all over. Lift the chicken out of the yoghurt mixture and reserve it. Gradually add one-third to at most a half of the parboiled and drained rice to the yoghurt, mixing it in gently but thoroughly with one hand.

Tip this creamy-textured, pale yellow mixture into the oiled bowl. The aim now is to line the sides of the bowl entirely with yellow rice, and to pile the dry white rice into the centre. Do it gradually. First work the yellow rice just a little way up the sides of the bowl with one hand, then sprinkle some dry white rice into the centre with the other hand. Repeat. With a little encouragement, as the white

rice is added the yellow rice will rise up the sides.

When the bowl is about half full put the chicken in a layer over the rice taking care to keep it within a perimeter of yellow rice. Spread the spinach over the meat, again leaving a ribbon of yellow rice round the edge. Then continue drawing the yellow rice up round the sides of the bowl and fill the centre with the rest of the white rice. This gets easier with practice.

Level the top. Cover closely with well-oiled kitchen foil and bake on a baking tray at 400°F, 200°C, gas mark 6 for two hours, turning the bowl as necessary for an even tan.

When the rice is cooked remove the bowl from the oven. Lift the foil briefly, dot the rice with flakes of butter and replace the foil. The chilled fat will arrest cooking and, as it melts and seeps into the rice and down the sides of the bowl, it will loosen the mould making it easier to turn out.

After five to 10 minutes run a palette knife or other long flexible blade between the rice and the edge of the bowl. Cover the bowl with a large warmed plate (a completely flat flan plate is best), invert and the bowl should lift off cleanly.

The beautiful layering will be revealed when the rice mould is cut like a cake for serving. First the crunchy outer shell of golden crust, then the lining of cakey textured pale saffron rice with yoghurt, and finally a central core of fragrant, free-running pure white grains. All this with layers of tender chicken and sweet green spinach running across it.

■ *A good selection of Iranian produce is available from Super Bahar, 349A Kensington High Street, London W8.*

Appetisers

End the mobile menace

In the mail this week comes an impassioned, angry letter from a reader whose meal at the Blueprint Café, London SE1, was ruined because neighbouring diners made continuous use of mobile telephones.

Britain has the highest concentration of mobile phones in Europe with 20 per 1,000 people. Although some restaurants, particularly in hotels, have a sign asking customers to leave phones with the receptionist, many do not and the problem is likely to get worse.

A bottle of pink champagne is offered to the reader who proposes the best solution to this restaurant nuisance. And another bottle for the best one-liner with which to silence those who choose to use phones loudly and over-zealously in public places.

Nicholas Lander

■ P.J.'s Bar and Grill (52 Fulham Road, London, SW3, tel: 071-581 0025) is a lively nightspot which took over the site of one of the dullest pubs on the Fulham Road. It serves decent food and wines with the accent placed on the new world.

P.J.'s latest venture has been to sell a range of cask-strength malt whiskies by the glass. There are seven in all, of which the least impressive are two vintages of Knockdhu, a Speyside malt which has gone over to bottling only recently.

The other five, however, were very fine: a 1984 Bladnoch with all the delicacy and elegance of a Lowland malt; a 1979 Benrinnes with an aroma of toffee and hazelnuts; a fine 1973 Glenrothes which put me in mind of sponge cake; and a 1975 Ardbeg which was all you would expect from this great Islay – all iodine and new leather.

The best of the lot was a 1965 Springbank from Campbeltown: the nose seemed one-dimensional and too strongly marked by a sherry butt, but the palate was wonderfully complex. *Giles MacDonogh*

■ I love that mix of directness and scarcely-concealed irritation that French chef Albert Roux manages to convey in the London newspaper, the *Evening Standard*, in his column answering readers' queries about food.

It is the naff questions that make the column such a good read: *"Dear Albert – How can I make the definitive cooked English breakfast."*

Who, in England, needs to ask *any* Frenchman that?

Nevertheless, the Roux solutions to these *cris de coeur* are often charming and funny: *"Dear Albert, I was as surprised as my husband was pleased when he came back from the pub with two pheasants and an unskinned hare. These dead animals are now cluttering up my kitchen. What do I do?"*

Roux's answer: *"My love, bring them to Le Gavroche (his restaurant) at 3pm, then go shopping, take a bath, make yourself even more beautiful and return to Le Gavroche at 7.30pm, with your husband in tow, in time for pre-dinner drinks."*

These questions and answers have now been compiled in a book, *Cher Albert* (Pavilion, £9.99, 128 pages) and provide a a very jolly read. *Jill James*

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Dangerous liaisons

***Michael Thompson-Noel** enjoys other people's affairs*

Cecil Parkinson, the Tory politician, will blush – or swell – to hear it, but his fame as an adulterer looks likely to last, judged by his inclusion in Stephen Brook's witty and life-enhancing anthology of infidelities throughout the ages.

The scope is broad. As the dust-jacket says: "The reader will find scenes of tenderness and of sorrow, of bitterness and of rage, of ecstasy and of farce ... The depravities of ancient Rome are compounded by the exuberant lust of the Earl of Rochester's poems ... We learn of the exploits of such famous adulterers as James Boswell, Lord Byron and Cecil Parkinson."

THE PENGUIN BOOK OF INFIDELITIES
edited by Stephen Brook
Viking £17. 376 pages

Parkinson? You would have thought that interest in his homely little adultery with his homely former secretary, Sara Keays, which caused him to resign from the Thatcher government, had faded by now, given the tide of misbehaviour, in circles high and low, that has swamped us in the meantime. Yet here he is, accorded a spot in an all-time hit parade of bounders, seducers and other sorts of heartbreakers.

Infidelity, says Brook, is dangerous, for it confounds the stable order. But it is also exhilarating, at least to those concerned. And it is certainly commonplace. A study of American marriage published seven years ago reckoned that half of all Americans have been adulterous at some time. Another study put the figure at 70 per cent.

With some exceptions, most societies take a dim view of adultery, though in most places female lapses tend to be punished more severely than male.

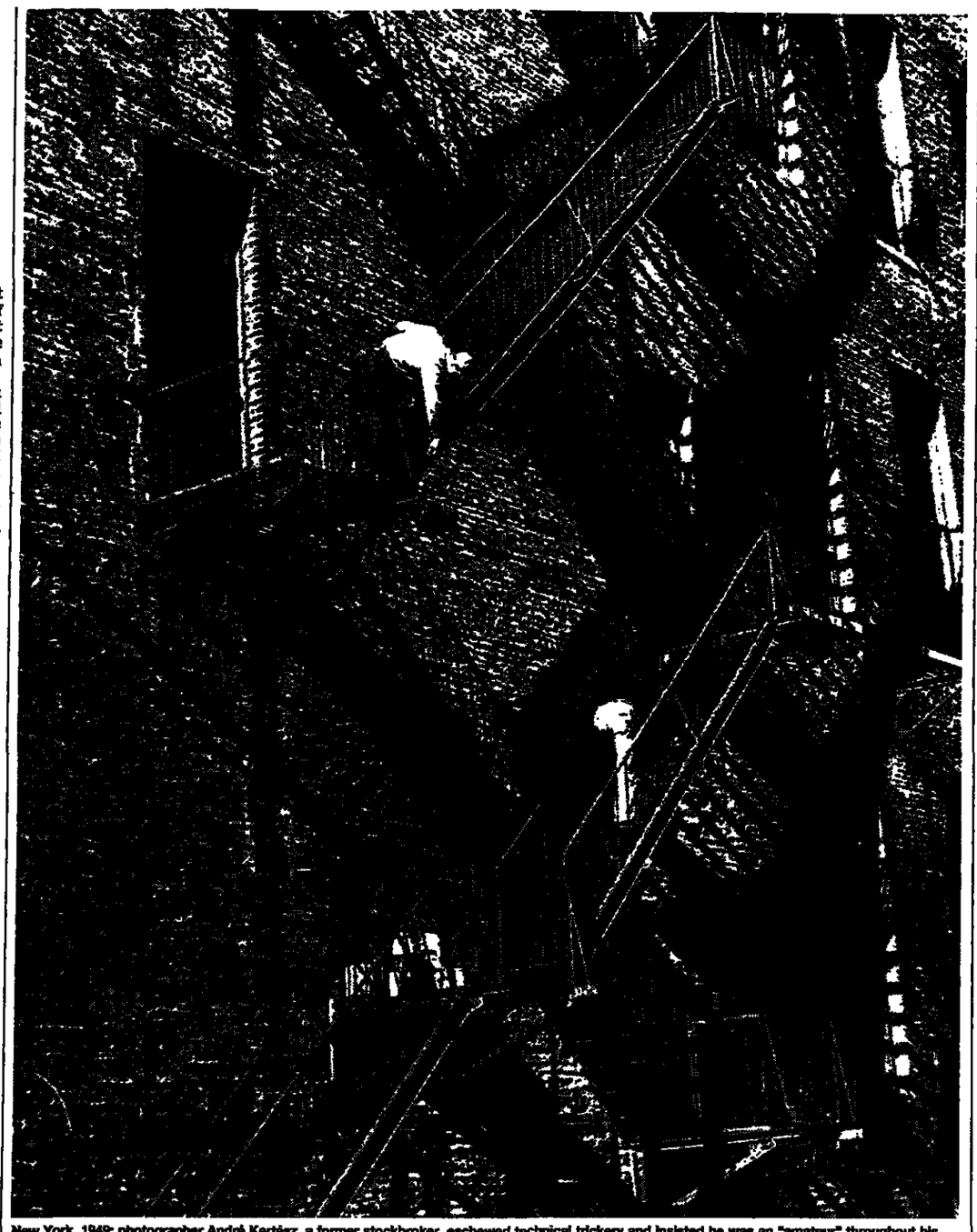
Almost all the writers you would hope to see represented in this anthology *are* represented, from Amis (both) to Boccaccio, Wilde and Wharton, Strindberg and Suetonius. But connoisseurs will notice several obvious omissions. The reason, says Brook, is simply quality of writing. For example, both Henry Miller and Anaïs Nin are absent because he cannot bear their prose styles. On the other hand, "classic texts" of infidelity, including *Troilus and Cressida, Anna Karenina, Madame Bovary* and the novels of Colette, are represented by substantial excerpts.

There are plenty of jokes: "You know, of course, that the Tasmanians, who never committed adultery, are now extinct" – Somerset Maugham.

And plenty of surprises. I was especially captivated by the notorious Miss Chudleigh, who fascinated the Earl of Bath, nearly married the Duke of Hamilton, went to a ball in a gauze dress and caught the eye of George II, secretly wed the future Earl of Bristol, conquered Frederick II, bigamously married the Duke of Kingston, inherited his fortune, retired to Russia and finished up in France, where she purchased a royal palace for £50,000.

She died in 1788, aged 68, after other love affairs. She was painted in her gauze dress, wearing a ravishing smirk. The dress was a single garment, quite transparent, and probably explained her career.

In company like that, Cecil Parkinson and his secretary come across as very dismal potatoes.



New York, 1949: photographer André Kertész, a former stockbroker, eschewed technical trickery and insisted he was an "amateur" throughout his long career. Pierre Borham's study of Kertész's life and work (Little, Brown and Company £45, 367 pages) illustrates his approach – which inspired Cartier Bresson – in which the camera is an impartial recorder and the photograph "gets its beauty from the very truth with which it is stamped."

The present imperfect

Professor Eric Hobsbawm is usually described as a Marxist historian. This can mean many things, from a slavish belief in the great man's prophetic power to appreciation of the importance of economic factors in history. This book is an epilogue to a trilogy on European history – the *Ages of Revolution, Capitalism* and *Empire* – which has been widely praised. In these volumes and his latest work the author is by no means a doctrinaire disciple of Marx, let alone of the USSR, which purported to be the embodiment of Marx's beliefs and the standard-bearer of his cause.

Hobsbawm divides his book into three parts: "The Age of Catastrophe" – 1914-50; "The Golden Age" – 1950-75; "The Landslide" – 1975 onwards. The first covers what he calls "The Thirty One Years War"; the second the immense – and to him unexpected – capitalist post-war boom which has transformed the world; and the third, a period that he sees as one of a slide into instability, crisis and general loss of bearings. He prefaces his opening section with a quotation from Isaiah Berlin: "I have lived through most of the 20th century without, I must add, suffering personal hardship. I remember it only as the most terrible century in Western history". Few will wish to dispute this judgment.

The causes of the 1914-18 war have been the subject of great controversy. Why could the conflict not have been settled by diplomacy as a Bismark or a Talleyrand would certainly have attempted? Hobsbawm explains its all-or-nothing nature by the fact that, unlike previous wars waged for limited objectives, this was waged for unlimited ends. That was true, and even truer of the second world war, but the question why still remains. In the case of the 1939-45 war Hobsbawm has no doubt. It was essentially Hitler's war for world power. Nor, despite the smoke screen put up by post-1918 German historians, can one seriously defend the rulers of Germany in 1914 from the same charge, though the author does not say so.

What he rightly emphasises is that the second world war, unlike the first, was ideological as well as nationalistic, and that there were three ideologies – fascism, liberal democracy and communism – which were equally antipathetic to each other. It was a paradox of the principle that "my enemy's enemy is my friend", which produced the alliance of opposites from 1941 onwards.

Without the USSR the Western allies could not have won, and its success in waging war gave a spurious plausibility to its "command economy" in peace. Stalin's forced industrialisation during the 1920s and 1930s was already such an economy, and it had at least avoided the traumatic experience of the Great Slump.

Even as late as 1960 Harold Macmillan thought that the USSR might soon outstrip the economic successes of the west. In fact it was already collapsing under its own contradictions. Hobsbawm, however sympathetic he may once have been with Marxism, is a realist and his analysis of the collapse is shrewd and perceptive.

What would most surprise earlier Marxists is the recrudescence of capitalism after 1945. But their hero was a poor prophet. He foresaw neither fascism nor the welfare state and his confidence in the proletarian triumph has turned out, like most theories of inevitablism, to be wrong.

Whatever the reason – and one can agree that there is no simple explanation – capitalism in the "Golden Age" flourished as never before and brought about vast changes in the way of life and the standard of living all over the world. Its success has killed socialism. Marxist socialism was a religion. But a religion of materialism has a weakness which spiritual religions do not possess. No one can prove by experience that Christianity, Islam or Buddism are wrong. A religion which purports to improve the material welfare of mankind is in a different category. If it does not deliver the goods sooner or later people will stop believing it.

AGE OF EXTREMES: THE SHORT TWENTIETH CENTURY 1914-1991
by Eric Hobsbawm
Michael Joseph £20, 627 pages

From the mid 1970s the Golden Age gives way to the Landslide. The period certainly saw major changes – the end of socialism for one. The former USSR and its ex-satellites were indeed in a state of chaos and disarray – transitional perhaps but no one can be sure. The capitalist world has seen more recessions and higher unemployment than in the previous quarter century, but "landslide" seems an over statement. The very fact that "Black Monday" in 1987 did not herald a repeat of 1929-31 suggests that there are stabilising factors present now which were not then. Nor is it convincing to talk of the weakening of the nation state, despite Marx's dislike of it. There are more of them then ever, and this most significant legacy of the French Revolution shows no sign of going away. Fifteen years is not a long period for historical perspective. Eric Hobsbawm has written a brilliant and stimulating book. But like most historians he is better on the past than the present.

Lord Blake

Lifting the lid on Sylvia Plath

*With this morally challenging book, post-modern biography has come of age says **Jackie Wullschlager***

The Silent Woman is about one of the loudest literary voices this century. In the icy winter of 1962-3, Sylvia Plath wrote her pitiless, death-obsessed Ariel poems, stuck her head in a gas oven and killed herself. Her words have reverberated ever since – "dying – is an art", "every woman adores a fascist" – and yet because they are so powerfully emotive, they have also been distorted, misinterpreted, muffled.

This book tells two tales: how Plath gained the courage to speak with this electrifying voice in the first place, the story of her life; and what her desire to interpret that voice reveals about our own culture – the story of her afterlife. It is a brilliant mix and a landmark in the history of biography.

Plath was a clean, golden-haired American girl with dark lipstick who came to England in the 1950s and married the poet Ted Hughes. She looked like an advertisement for soap powder, but beneath the gloss was a tormented, tempestuous woman who was rarely nice to know.

She broke up a family Christmas, stole food from other people's refrigerators, fantasised about killing some schoolgirls who took flowers from a park. Her relationship with her mother was sick, and she devoured men for breakfast, writing afterwards of the "orange-juice-and-broiled-chicken" and "plain steak and potatoes with nothing done to them taste" of the dull ones. Hughes by contrast was a giant who filled "that huge sad hole I felt in having no father." On their first meeting she bit him until he bled; months after he left her, she died.

It was Malcolm, who calls "her courage to be unpleasant", that made her a feminist heroine. "I see you have a concentration camp in your mind, too," Plath once told the poet George MacBeth. Hughes has described how she fought to find her authentic voice – beautiful, severe, glacial. Malcolm sees this as part of a key historical moment in which the "uneasy, shifty-eyed" 1950s generation finally threw off 19th century repression and embraced the brave new world of feminism, Vietnam protests and the civil rights movement.

Plath was the voice for the times; no post-war poet has expressed more eloquently the anxieties – womens' struggles, political tyranny and repression, psychological breakdown – of our century. But Plath's life was also emblematic, for she was the first great woman writer in creativity and domesticity who waged war. Jane Austen, Emily Brönte, George Eliot, Virginia Woolf, none attempted everyday family life. Plath, by contrast, fumed at being "a prisoner in this house, chained to the children," while Hughes swanned off. She wrote the Ariel poem in a blaze of domestic misery and marital break-up.

THE SILENT WOMAN: SYLVIA PLATH AND TED HUGHES
by Janet Malcolm
Picadore £14.99, 215 pages

In the private lives obsession of the 1980s and '90s, this is the part of Plath's story which, fuelled by Hughes reticence and his control over the Plath estate, has become the stuff of legend. Malcolm is inspired on the transgressive nature of biography – the only explanation she says, for the genre's popular appeal – and wittingly invites the reader to tiptoe with her "down the corridor together to stand in front of the bedroom door and try to peep through the keyhole."

Her genius however, is to turn the tables and to rough up Plath's biographers and critics as they have roughed up Plath – reading their mail, quizzing their friends and gossiping about their houses. Thus she draws us, deeply and uneasily, into what really happens in the making of the modern biography.

Malcolm is not someone to invite home lightly. Take her visit to Ann Stevenson, whose 1987 *Life of Plath* was vituperatively reviewed for pandering to Hughes and for its omissions. Around the kitchen table, Stevenson reveals her problems in working with Hughes, her dissatisfaction with her book – she eventually published in part because she could not afford to repay the advance.

Malcolm purrs sympathetically, then turns the knife with a story of Stevenson cooking lasagne, omitting the white sauce, serving up the dish reluctantly because there is nothing else.

Domesticity as metaphor, life as art; Malcolm has the novelist's ability to convey the essence through an exquisite piece of bitchiness. A critic who sometimes misjudges Sylvia lives in a crooked Hampstead house and serves coffee out of rigid square cups. The handsome flat of the handsome structuralist academic with the crisp voice and the crisp handsome ideas ... the trains and plumbing that do not work in the cold winter of 1991, when Malcolm came to England from New York to research the book and which recalled the icy months in 1963 when Plath was an American alone in a primitive country ...

With *The Silent Woman*, post-modern biography has come of age. Ventures of this kind usually fail because post-modern theories – that there is no truth, that no one owns another's life – are never as compelling as a well told story. Malcolm overcomes this with a dazzling method of rendering the best of traditional biography, choice snippets which sum up a life, the making of an artist, cultural history – without the longueurs. It is intellectually explosive, morally challenging and enormous fun.

At the heart of Catholicism

*The sacred may be politicised, but not profaned says **Cristina Odone***

A few years ago a Moslem friend exploded on reading V.S. Naipaul's *Amongst the Believers:* how could Naipaul dismiss Islam in this way? In his depiction of a handful of Moslem countries, the unbeliever paraded his prejudices by profiling only intransigent imams and authoritarian ayatollahs, and by caricaturing spiritual codes.

I had little sympathy at the time. Religions, after all, have borne the scrutiny of inveterate infidels for millennia. But after reading a similar undertaking, a peregrination through Catholic Europe by the Irish novelist Colm Toibin, I find myself echoing my friend: the sacred may be politicised, but it should not be profaned.

Disenchanted with the religion of his childhood, Toibin seems bent not so much on a journey of discovery, but on a quest to diminish the divine, to view Catholicism as mere "consolation" akin to "listening to music after a long day's work; it was pure theatre".

Politicisation of the church is inherent in its teaching – the gospel, after all, was interpreted by Christ's contemporaries as a revolutionary message, for which he was duly crucified. But the centuries have wrought a political permutation to the Church of Rome – its accumulation of capital and power has placed it squarely at the heart of the Establishment, and its emphasis on the authority of the Magisterium (the church's teaching) has lost it many allies in an age when authority has become synonymous with authoritarianism.

It is this view of the church that fuels Toibin's journey. He marshalls events, characters and rituals in order to vindicate a pre-determined ideological position: Catholicism prepares the ground for the seeds of authoritarian regimes. By imparting its message of obedience to spiritual authority, the church serves as a factory that mass produces disciples for the latest despot.

The theory has been around for some time, but fails to account for a number of historical incidents and political strains. Although Toibin allows that the "first open demonstration in Slovakia against the regime was organised through the Catholic Church" in 1988, and he does recognise the Jesuits' anti-Mafia campaign in southern Italy, he chooses to belittle a number of other instances when European Catholicism allied itself to the right cause, not the Right camp, and helped pave the way for democracy, not dictatorship.

THE SIGN OF THE CROSS: TRAVELS IN CATHOLIC EUROPE
by Colm Toibin
Jonathan Cape £16.99, 296 pages

JOHN PAUL II
by Michael Walsh
HarperCollins £20, 320 pages

Toibin seeks to limit Catholicism to an aesthetic canon – he offers us vivid, lyrical impressions of Spanish religious processions, of Polish churches and Slav pilgrimage sites – and to a socio-cultural influence that shapes and colours temporal occupations and aspirations. Certainly, in a number of the countries he visits (particularly Poland, Italy, Ireland and Spain) the Church does permeate national identity by influencing everything from divorce laws to the sanctification of the fatherland.

Karol Wojtyla, Polish pontiff

But the ultimate legacy of the Catholic Church is a spiritual one. It is in its message of hope, and of the importance of even the most marginalised members of society, that Catholicism has proved such a powerful influence on this generation of Europeans. To underestimate this legacy is to misunderstand an important part of 20th century history – and to underestimate, too, the role played by the remarkable man who has led the church through the past 16 years, John Paul II.

In his biography of Karol Wojtyla, the first non-Italian pope since the 16th century, Michael Walsh lays down his cards at the outset: he had reservations about the cardinal from Cracow when he was elected to the See of St Peter, and "as the years have gone by I have seen no reason to change my original judgment".

Walsh, a former Jesuit, is a liberal Catholic who sees the church as guardian of the gospel message in its social context – love, solidarity and helping the poor and dispossessed. He does not, however, long for the certainty of spiritual absolutes which Karol Wojtyla delivers. Where some more traditionalist Catholics applaud the present pope for dusting off the sacred system of correspondences between heaven and earth, Walsh sees this shepherd as bent on keeping his flock in an uncomfortably tight pen.

Walsh carefully charts the papacy, analysing both failures (in particular the financial scandal of the Banco Ambrosiano) and successes (the behind-the scenes work in helping Lech Walesa set up Solidarnosc and then toppling the Communist regime, the campaigns against right-wing dictators from Chile's Pinochet to Haiti's Baby Doc). And he analyses, too, the writings of the prolific pontiff – from his first encyclical, Redemptor Hominis to what must surely be regarded as his spiritual testament, the hard-hitting 1993 encyclical, Veritatis Splendor, with its fulminations against subjective morality and the *à la carte* Catholicism favoured by the majority of Catholics in the west.

Though Walsh finds it difficult to feel sympathy with the theological hard line towed by the Polish pontiff, even he cannot detract from the undoubted achievement of a pope who dragged the Catholic Church from the sidelines to the centre of the world political arena.

■ *Cristina Odone is editor of the Catholic Herald*

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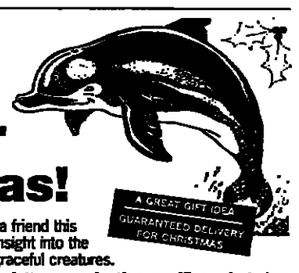

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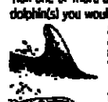
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Woman at odds with her nature

Out of conflict, Doris Lessing has produced literature of the highest rank, writes ***Justin Cartwright***

This volume covers the years 1919 until 1949, the formative years. It is a fascinating account of how Doris Lessing first wrestled with and then escaped colonial life on the family farm and in Salisbury. Her very earliest memories are of questioning virtually every aspect of received wisdom.

She was that phenomenon, like Katherine Mansfield and Olive Schreiner, and perhaps Germaine Greer, a woman who throve on her clear-cut duty to defy provincial society.

There is a rather moving passage in her recent and rambling *African Laughter* where Lessing meets her brother at his farm and discovers that his memory of old times is very different from hers. He is still puzzled, without wishing to give offence, by the course of her life.

No doubt this incident will appear in Vol. II, but it seems to be the central question of this volume. While on one level appearing to be the bright, cheerful, "Tigger" Tayler, the daughter of an invalid, failing farmer and a hyperactive former matron at the Royal Free hospital, how and why did she harbour both loathing for her mother and a belief in her destiny, which was some thousands of miles away from Salisbury?

The detestation of her mother is on a par with John Osborne's, yet her mother seems to be a more or less standard colonial, with all the prejudices and many of the virtues. Her father, with his detestation of the military (understandable as he lost a leg in the first world war), is more complex, and never fully understood or explained.

In the realm of human relations, Doris Lessing appears to have been singularly inept. Her lack of understanding is perhaps a result of her early solitude and extensive reading. As she demonstrated in *African Laughter*, the beliefs of her youth lie in ruins around her. Communism, which she renounced in 1954, proved an illusion; belief in a post-war renaissance of rationalism was shattered; the hope of a post-colonial flowering of Africa has proved equally illusory.

But the habits of mind have not entirely died. Although she has satirised the colonial left, she says that her own sense of guilt about abandoning communism persisted into the 1960.

But the reader will be most intrigued to understand how, after her first marriage, she was able to abandon young children and live in another part of Salisbury, marry a communist she did not love and have a third child. She seems unable to explain this most human of dilemmas, beyond the feeling that she had to escape from her upbringing to follow the demands of her destiny. Her destiny demanded that she should never be trapped. It also demanded respect for dreams. Bouncy, chubby, Tigger Tayler has never forgiven those who underestimated her.

UNDER MY SKIN: VOLUME ONE OF MY AUTOBIOGRAPHY
by Doris Lessing
HarperCollins £20, 419 pages

Out of this tension she has built a wonderful career as a writer. There are in this volume many insights into the material and the inspiration for her work. There is also a sort of cloudy imprecision about her thoughts, particularly on the psychological and political levels, which make this at times a very unsatisfactory biography.

Strange, though, that these musings are invariably illuminated by some shafts of understanding, as when she says: "We should be careful of the company we keep and the language we use. Regimes, whole countries, have been taken over by language spreading like a virus from minds whose substance is hatred and envy. When torturers teach apprentices their trade, they learn from an ugly lexicon." She should know: in her early days in Southern Rhodesia, she was completely besotted by the language of communism: she even doubts she would have resisted if she had been sent out to kill the kulaks.

What you have, then, is the biography of a very complex woman, a woman at odds with her own nature, her own family, and the society in which she was born. In the most fundamental way, in her determination to forge her own life, she is the archetype of contemporary woman: but she is not a feminist, if that means believing women are victims of men's exploitation. Sometimes in her retelling of her loves and political preoccupations she suggests a loneliness which none of the defiant protestations of "I will not" can disguise.

As I read on, I desperately wanted to know if she missed her children and what had become of her daughter, Jean, by her first marriage. Her son John, we learn casually, has died of a heart attack, "not unexpectedly" in view of the Rhodesian life style. Yet it is the miracle of art that out of the turbulence and conflict - and probably heartbreak of these years she produced literature of close to the highest rank.

As the volume ends, she is waiting in a boarding house in Cape Town with her new son Peter for a ship to England. She knows that there will be a good outcome as she watches and waits. Her manuscript of *The Grass is Singing* has preceded her.

From cosy reassurance to urban terror

Anthony Browne *on children's books*

Warm reassurance permeates many young children's picture books this autumn. The best of these sanguine stories is *So Much*, written by Trish Cooke and illustrated by Helen Oxenbury (Walker Books £8.99). The unpretentious, poetic text tells the story of a mother and baby who await the start of father's birthday party. Various lively members of the family arrive and they all want to squeeze the baby, kiss him and fight with him because they love him "*so* much".

Cooke's text is an inspiration to Oxenbury, who uses three different styles throughout the book. Instead of her usual pencil and wash, there are soft black and white drawings of the baby, almost monochrome studies of stationary groups, and large, expressive gouache paintings of vigorous colour and movement. It is always a delight to see an established artist taking risks, breaking new ground, and succeeding brilliantly.

Another book dealing with a similar theme is *Guess How Much I Love You*, written by Sam McBratney and illustrated by Anita Jeram (Walker Books £7.99). Little Nut Brown Hare and Big Nut Brown Hare compete to see who loves each other most. "'I love you as high as I can hop,' laughed Little Nut Brown Hare, bouncing up and down. 'But I love you as high as *I* can hop,' smiled Big Nut Brown Hare - and he hopped so high that his ears touched the branches above." I find the story too knowingly cute. But it is charmingly illustrated in a nostalgic English style and printed on beautiful cream paper. It should do well in the US.

Colin McNaughton seems to have updated Pat Hutchins' *Rosie's Walk* in his hilarious new book *Suddenly* (Andersen Press £8.99). Here a pig cheerfully walks home totally unaware that a Big Bad Wolf is stalking him. Just when it seems that the pig must be caught he changes direction and the wolf is thwarted, again and again. There is a funny reassuring ending when the pig finally gets home to see a wolf-like shape at the sink who turns out to be his mother. The story flows through the pictures like a silent Buster Keaton film, but as always with Colin McNaughton the words are never superfluous - he cleverly avoids mentioning the wolf at all. Children will love this book.

The Bear by Raymond Briggs (Julia McRae £9.99), is a huge book with familiar echoes. The story opens as a girl is tucked into bed with her teddy bear. As she drifts into sleep we see through the window a small grey shape looming towards her. In Briggs's characteristic soft crayon picture-strip the shape gets nearer and nearer until we see a large paw opening her window. On turning the page we are confronted, like the girl, with the massive head of a polar bear. The beast comes in and, as she persuades it to get into her bed, the teddy bear is kicked out.

The book hovers between reality and imagination; the bear is very real and wonderfully drawn, and the girl has to clear up its mess, but the silvery, ghostly shimmer of the creature gives a dream-like feeling to the story. We have seen many books where a large furry animal comes into a child's bedroom. And there are similarities to *The Snowman* and *The Man*, but the superb drawings of the bear and the cinematic use of light and scale transform well-worn material into a delightful and satisfying picture book.

There is no cosy reassurance in *Way Home* written by Libby Hathorn and illustrated by Gregory Rogers (Andersen Press £8.99). From the crumpled paper endpapers and the stark ripped black and white title-page we know we are in very different territory. This is the dangerous inner city at night and we travel with Shane as he takes home a stray kitten, running terrified from a gang, leaping through screaming traffic, escaping a fierce dog and finally arriving "home" - a street shelter made from rubble. The stunning artwork and brilliant design of this dark book make it an exciting read for older children. I have the feeling, though, that not many will get the chance to see it.

'How many miles to Babylon?': Paula Rego turns her attention to 'Nursery Rhymes' (Thames & Hudson £12.95, 71 pages)

False prophets confounded

Intellectual history is full of attempts to reduce the complexities of human behaviour to a single set of motives and characteristics. The latest academic fundamentalists are those scientists who seek to debunk philosophy's most profound dilemmas by claiming that our increased biological knowledge of the human mind will provide the answers.

Mary Midgley, one of Britain's most engaged moral philosophers, will not hear of such arguments. In this dense, but clearly-written counter-attack, she stands up for the inherent knots and ambiguities which afflict so much of our ethical discussion and seeks to find a more sophisticated framework for future debate.

Her problem is, to philosophers at least, a familiar one: how to evade crude, mechanistic accounts of human motivation without collapsing into a kind of despairing relativism which has become a mocking key-note of today's post-modern intellectual culture.

She begins her thesis by attacking some of the embedded positions which have led us to this unseemly *impasse*: the false dualisms created by philosophers between mind and matter, and between reason and feeling; the "machine hype" which champions those views of the human world which most closely correspond to the physical world (she shrewdly includes both Marxism and free market capitalism); and the over-simplistic notions of social Darwinism which have also been plundered to serve economic ends.

All these positions, she explains, fail to take account of our "slight and misty nature"; they ignore the striking contradiction that we are frequently divided but constantly seek to act as a unity, a predicament she describes as "a constantly ongoing project, a difficult, essentially incomplete integration which can occupy our whole lives."

Midgley is surely correct in identifying the modern attitude to religion as part of the problem: she claims that secular philosophy has always found the idea of "deep, difficult inner conflict" unpalatable, as it was closely linked with religious thinking.

"Enlightenment intellectuals, associating religion with folly, obscurantism, asceticism and political oppression, deeply distrusted the very idea of irremovable inner conflict. They also needed a fairly optimistic view about human motivation in order to make the various revolutions they were proposing look possible," she says.

That we are still slaves to the Enlightenment project, despite the violent denunciations of a Nietzsche or a Sartre,

THE ETHICAL PRIMATE: HUMANS, FREEDOM AND MORALITY
by Mary Midgley
Routledge £17.99, 193 pages

is central to Midgley's argument. But the problems of the 20th century are not those of the 18th century; the zeal of the atheist, such a dynamic intellectual force in a social context of religious conformity, today is matched against a much-enfeebled enemy, and has, in Midgley's view, over-stretched itself.

She seeks a way forward by turning to Darwin's own work on morality, and to the significance of the "quieter motives", those persistent undertones of social awareness which we all possess, and which frequently over-ride our urgent desire to be passionate, greedy, angry or resentful at any one moment.

She also focuses on the binding power of "sympathy", a value which has been unjustly neglected due to its refusal to fall neatly into either side of the thought/feeling divide, but which characterises so many human responses.

This is common-sense philosophy of the highest order; one can only hope that more professional philosophers embrace the campaign against the slick certainties and theoretical glibness of today's false prophets.

Peter Aspden

The serial killer as a symbol of success

The cult of the anti-hero has come a long way since Chaucer's 'smyler with the knyf', says ***Joan Smith***

What do the following authors have in common: Paul Theroux, William Trevor, Brett Easton Ellis, Michael Dibdin, Peter Ackroyd, P.D. James, Thomas Harris, Patricia D. Cornwell? The answer is that each of them has written one or more novels featuring a serial killer.

It is a crowded but potentially lucrative field. Since the huge success of *The Silence of the Lambs*, publishers and studio executives are on the look-out for the next Thomas Harris. The American author Patricia Cornwell, who has made serial killers her speciality, has set up her own film company and is looking for an actress to play her pathologist heroine Dr Kay Scarpetta.

Cornwell's novel *Cruel and Unusual* won last year's Gold Dagger, the top award for crime fiction in Britain. Her first novel, *Post-Mortem*, won just about every crime writing award in Britain and the US. Another Gold Dagger winner, the English author Michael Dibdin, is writing a serial killer novel, *Dark Spectre*, which is due to be published in Britain next spring.

The American writer Brett Easton Ellis received a critical drubbing in 1991 for *American Psycho*, in which a disaffected Wall Street whizz-kid fantasised about a gruesome series of murders in New York. Unabashed, Ellis's new novel, *The Informers*, rises to a crescendo of violence with a series of vampiric killings in Los Angeles.

The American feminist historian Jane Caputi has called the 20th century "the age of sex crime". It might seem that these authors are reflecting a natural preoccupation with a brutal crime which was virtually unknown until the closing decades of the Victorian era. Brett Easton Ellis would argue, I suspect, that the crimes committed or contemplated by his characters symbolise the moral bankruptcy of contemporary American society.

Patricia Cornwell identifies herself and her character, Dr Scarpetta, with the forces of law and order, characterising serial killers as "black holes who [have] sucked light from the planet Earth". Her new novel, *The Body Farm*, is dedicated to the right-wing US senator Orrin Hatch "for his tireless fight against crime".

The body farm is a real place, a research institute where corpses are exposed to immersion in water or extreme temperatures to establish rates of decay. Thomas Harris's novels are partly set at Quantico, the FBI academy in West Virginia which almost no-one had heard of before it appeared in *Red Dragon* and *The Silence of the Lambs*.

Harris's novels are scary, melodramatic, brilliantly-written, and in at least one important respect deviate drastically from reality. His convicted killer Hannibal Lecter has become a cult figure whose devious mind easily outdistances anyone who tangles with him. Anthony Hopkins played him in Jonathan Demme's film as a still, menacing presence who could see right into the soul of Clarice Starling, the rookie FBI agent played by Jodie Foster.

Hopkins as Lecter has nothing in common with the grim police mugshots of real-life serial killers: Albert DeSalvo, John Wayne Gacy, Peter Sutcliffe, Colin Ireland, Sirhan Sirhan, Bobby Joe Long, Henry Lee Lucas. What tends to characterise serial killers is a haunting and intolerable sense of their own inadequacy - often, in the case of men who kill women, a fear of vulnerability which they project onto the female body.

Killing strangers is, for this group, a survival mechanism. If they were as glamorous and charismatic as Hannibal Lecter, they would not be serial killers. By contrast, the serial killer in contemporary fiction is an anti-hero for our times, incarnating powerful but seldom acknowledged communal fantasies. At the simplest level, he fulfils a longing for contemporary legends, for supernatural beings in an age in which magic and religion have been debunked by science.

Patricia Cornwell's most recent novels have featured a serial killer called Temple Brooks Gault. In *Cruel and Unusual*, Gault hacks into the FBI computer and switches his own fingerprints with those of a murderer who has just gone to the electric chair. A brilliant fictional device, it sets up Gault, like Lecter, as an epic anti-hero, a master of disguise who escapes detection in spite of the fact that "his face smiled from the Ten Most Wanted lists posted across the land".

Anthony Hopkins as Lecter

Gault and Lecter are dramatic representations of stranger-danger, the idea of the unknown as simultaneously beguiling and threatening.

This notion can be traced all the way back to "the smyler with the knyf" in Chaucer's Knight's Tale; in the serial killer novel, the reader is allowed vicarious contact with this thrilling, terrifying stranger in the knowledge that he or she will come out of it alive. In this sense the novels offer a frisson, cheap thrills, but there is more to them than that. Where violence is concerned, Cornwell's books outdo everything except perhaps *American Psycho*, offering graphic descriptions of crime scenes, wounds and dissections. They offer a challenge to readers, a how-much-more-can-you-take contest in which the answer, judging by Cornwell's huge sales, is anything she chooses to present to them.

It might be assumed that nothing could portray the harsh reality of death more vividly than these incarnadine novels, yet the cumulative effect is precisely the opposite. The reader becomes habituated to the whirring of cranial saws, to stomachs plopping onto dissection tables, to the tragedy that lies behind each cadaver. This is a species of narrative in which the corpse functions chiefly as clue: the plot, and the solution, are written on the body.

In a telling exchange in *Cruel and Unusual*, Dr Scarpetta's female assistant admits her fear that there is no after-life. Scarpetta reassures her, explaining that she draws her wisdom on the subject from dealing with corpses: "Something's gone. You look at their faces and you can tell. Their energy has departed. The spirit didn't die. Just the body did".

This unfamiliar vagueness from a character who is usually as sharp as a scalpel is suggestive, a hint that in order to carry out her ghastly job Dr Scarpetta (and perhaps her creator) has to indulge in an act of denial. It also summarises the moral impact of the serial killer novel, which is to rob death of its sting; no longer the end, it becomes merely the essential opening gambit in an exhilarating fictional process.

■ *The Body Farm is published by Little Brown (£14.99, 324 pages); Cruel and Unusual by Warner Books, (£4.99, 437 pages). Dark Spectre will be published by Faber & Faber in April. 1995 The Informers is published by Picador. (£9.99, 226 pages).*

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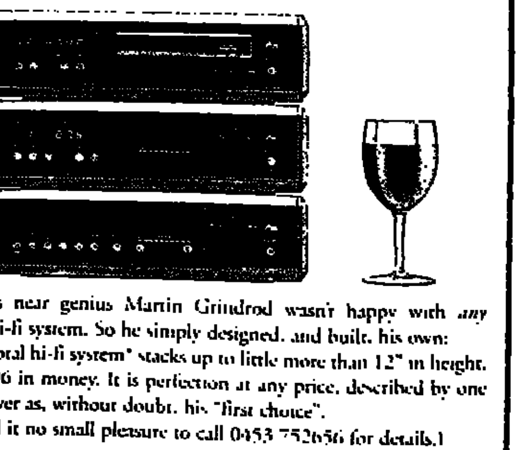

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Melodramatic on the one hand, schematic on the other: Stella Gonet as Isabella and Michael Feast as the Duke in Stephen Pimlott's production of 'Measure for Measure' Alastair Muir

Measured to no good effect

Alastair Macaulay reviews the lastest RSC production at Stratford

The more I see *Measure for Measure*, the more remarkable a play it appears. It enquires, as acutely as anything Shakespeare ever wrote, into the nexus of morality, justice, sex, governance and life. And it achieves its drama by putting life in the scales with life, sin with sin, ruler with ruler, lover with lover. And this sense of balancing like with like enters into its very language: "Grace is grace," "blood, thou art blood," "truth is truth."

Three hair-raising scenes bring their dilemmas in the play to its height: two between the postulant nun Isabella and the deputy ruler Angelo (Act 2, Scenes 2 and 4) in which her innocent pleas on behalf of her sentenced brother Claudio impress, then seduce, Angelo, and in which he then asks her to sacrifice her chastity to gain her brother's life; and one between Isabella and Claudio, in which she tells him to die, rather than ask her to yield her chastity to Angelo.

But, once these scenes are over (90 minutes into the three hour play), then either the plot sags (since the Duke tells us at once what is going to happen) or it rises, as the Duke brings it to its resolution. For the latter course to occur, it needs an actor who sees that the Duke, as Escalus says, "above all other strifes, contended especially to know himself."

Not so in Steven Pimlott's new production for the Royal Shakespeare Company. Here the Duke is Michael Feast, who gives much the same atrocious performance as he delivered as Becket in Pimlott's 1993-94 RSC staging of *Murder in the Cathedral*; and this time his cadaverous resemblance to the Grim Reaper is absolute. Everything here is insincere, over-emphatic, *fake* lower middle-class, and melodramatic. There is no quest for self-knowledge, none of the ironic Shakespearian sense of a ruler who abdicates to find out more about ruling, and zero generosity to his fellow-actors. He is all contrivance, especially when feigning to be relaxed.

Elsewhere, things are better. Pimlott knows how to tell the story clearly, and he emphasises the exceptionally urban character of this play. But, as in Feast's performance, the production tends to be, on the one hand, melodramatic and, on the other, schematic. "Effects" abound. Stella Gonet's Isabella, who has a fine basic blend of spontaneity and zeal, screams several times too often; Alex Jennings' Angelo, as "precise" and "severe" as others describe him, has analysed his soliloquies until they fall apart before our very ears.

Both Gonet and Jennings are cast against the grain: which I applaud. To have Gonet this chaste and Jennings this humourless is not yet persuasive, but it may bring rich harvests in the time to come. Toby Stephens is, for once, a Claudio cast from strength (just watch him *listen* to the Duke); and Barry Lynch's Lucio has a relaxed ease amid all the proceedings that make his every scene refreshing.

Some of the best performances are in smaller roles – notably Monica Dolan's plaintive, unhappy Juliet and Billie Brown's bewildered, silly Elbow. Ashley Martin-Davies, the designer, places the action somewhere not very precisely in the 20th century and puts the Duke's throne on one side and, on the other, the electric chair. Geddit?

If you need to see *Measure for Measure*, this production does not actually get in the play's way. There have, however, been three excellent stagings in recent years – Nicholas Hytner's (1987) and Trevor Nunn's (1991), both for the RSC, and Declan Donnellan's this year – which this in no respect approaches.

In repertory at the Royal Shakespeare Theatre, Stratford upon Avon.

Will the gods have the last laugh?

Nicholas Payne, director of opera at Covent Garden, defends the company's new 'Ring'

An old mate from my university days, still shaken from the previous night's *Rhinegold*, admonished me before the start of *Walküre*: "Nicky you really should have stopped it. You know that, don't you?". The next day I received a card from another acquaintance: "It was a really wonderful and such an intelligent production of *Rhinegold* – the first serious thing of its sort in England. If the critics throw rotten oranges, don't despair – carry on. I can't wait for the next episodes."

Opera inflames passions, and Wagner's operas more than most. The Royal Opera House's new *Ring* has polarised opinion more than usual.

Why do we do it? Would it not be easier to revive an old production, or to commission something from well-established practitioners who might be relied upon to produce a more predictably acceptable result? Maybe. I have no interest in controversy for its own sake. Productions which set out to shock now bore me. Yet I suspect that there is something intrinsically disturbing at the bottom of Wagner's Rhine, and that any attempt to dive below the rippling surface and to dredge it up will upset people.

Our new-look Wagner, which began last year with *Meistersinger*, is borne of my conviction that the record of Wagner staging in this country is a fairly dismal one. I heard my first *Walküre* at Covent Garden in 1958, memorably conducted by Rudolf Kempe.

Many magnificent, and some less magnificent, musical experiences have followed with *Rings* in this country conducted by Kempe, Konwitschny, Solti, Downes, Gibson, Davis, Goodall, Mackerras, Armstrong and Haitink, but to a greater rather than lesser extent the productions which accompanied them were unworthy.

For intellectual and visual stimulation one had to travel abroad. The supreme imaginative responses to the *Ring* have been Wieland Wagner's last attempt in 1965 and Patrice Chéreau's centennial productions begun in 1976, both at Bayreuth. Both productions were much derided when they first appeared.

A storm of booing and some hostile reviews do not automatically signal a good production, although at least they indicate that our wonderfully quiet audience is alive. But, as the abuse rained down at the opening night curtain calls on our brave production team, I remained convinced that they had created something truly remarkable – a contemporary response to Wagner's *Ring* which can stand alongside Wieland Wagner's and Chéreau's in their day.

Richard Jones and Nigel Lowery, our director and designer, have devised a *Ring* unencumbered by tradition. Drawing on a kaleidoscope of references and images, they have yet fashioned something which is both original and wholly theirs. Its overt theatricality is refined into a narrative directly told.

Jones asked us to print in the programme Hans Sach's "Wahnmonolog", his dark night of the soul before Midsummer's Day. In *Meistersinger*, "Wahn", or madness or folly, is succeeded by healing, the community restored to itself. In the *Ring*, Man's folly, his vain pursuit of riches and power and love, leads to death and destruction and disillusion.

The story is clearly but diversely told. This *Rheingold* is often funny and irreverent, its texture deliberately light and transparent rather than portentous of the tragedy to come. We begin in Arcadia or the Garden of Eden. Despite the crimes committed the gods are still "laughing children" at the end. Only Freia, goddess of youth and beauty, is forgotten and the Rhine despoiled.

The light-hearted mood has gone by *Walküre*, which by contrast is introverted and intense, a symphony in blue. Such humour as remains is cruel and bitter. The final scene between Wotan and Brünnhilde is enacted on a small square centre stage, father and daughter driven to hurt each other terribly because of their great love, trapped in an end-game of hope and despair. I find these ambiguities very Wagnerian.

Bernard Haitink and I agonised for a long time over the commitment to a new *Ring*. We chose Jones and Lowery in preference to five or six other possibilities because we believed that deep down they had a truly Wagnerian vision – despite the dangers and unconventionality, or perhaps because of them.

There are other Wagner operas which I would not ask Jones and Lowery to stage, despite their fine *Flying Dutchman* in Amsterdam. We chose Graham Vick and Richard Hudson for *Meistersinger*, because we thought they would create its community and realise the renewal that comes out of anger and loss. I hope Vick will return for a *Parsifal* with Haitink at the end of the decade. For *Tristan* we are still searching for the right team.

The Royal Opera's policy (pompous word for something which is really a matter of feel) is to offer diverse and contrasted theatrical experiences across the whole repertory. Unlike the pope, I cannot claim infallibility. Our collective judgments may be subject to error, but I can claim that they are not lightly reached. Long hours of listening, watching, thought and discussion go into the choice of singers, conductors and directors to blend into a team which just might capture that elusive phenomenon, the perfect opera performance, or (to be more realistic) the opera season which on balance may be judged a success.

It is not an accident that the start of our new *Ring* is followed by Gounod's *Romeo et Juliette*.

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Early works of a genius

***William Packer** on Michelangelo at the National Gallery*

The National Gallery's admirable series of study exhibitions, *Making & Meaning*, focussing on particular works in terms both of the artist's intentions and techniques, continues with a look at the early career of Michelangelo. The period in question is the very end of the 15th century and Michelangelo's first extended working visit to Rome.

He arrived from Florence in 1496, aged 21 yet already free from his early apprenticeship in the studio of the brothers Ghirlandaio, Domenico and David. His five-year stay was to see not only the confirmation of his stylistic independence as a painter, but an astonishing burst of activity as a sculptor and a sequence of masterpieces – the Bruges "Madonna and Child", the Rome "Pietà", the "Taddei Tondo" from Florence and the "Pitti Tondo" from the Royal Academy, all represented here in casts of the highest quality – that established him at once as an artist of the first rank and the fullest maturity.

Sculpture took him back to Florence in 1501, to carve the monumental "David", and it was sculpture that had brought him to Rome in the first place. Having been advised to pass off a carved "Sleeping Cupid" as an antique, he learned that his Roman dealer had cheated him and so set out to claim it back. He failed, and the "Cupid" ended up in the hands of Isabella d'Este at Mantua, along with a genuine antique of the same subject. It has long since been lost, passing perhaps into the collections of Charles I and destroyed in the Whitehall fire of 1698. Who knows? Two such similarly exquisite "cupids" are in this exhibition, one a Roman fountain-head of the 2nd century, from the Uffizi, the other a 16th century pastiche from Corsham Court.

It is tempting but over-fanciful, no doubt, to take this last for the lost Michelangelo. What is certain is that questions of false attribution and dissimulation hung about him even at the very outset of his career. Small wonder then that they do so still. The paintings, rarer than the sculpture, have always been the more problematical. Only three panels are known from Michelangelo's early career, of which the Uffizi's "Doni Tondo" of the Holy Family, tentatively dated about 1504, is the only one complete and undisputed.

The other two, both of them unfinished, are in the National Gallery's own collections. The earlier of them, from around 1497 and painted in egg tempera, is known as "the Manchester Madonna" and clearly carries with it, if not the mark, at least the influence of Ghirlandaio. That is not to say that it is not entirely authentic to Michelangelo. The easy, graceful naturalism of the Virgin's gesture is alone enough to affirm the presence of a younger hand and a fresher eye, to say nothing of the simple, sculptural monumentality of the composition as a whole. The comparisons in detail with the sculpture are conclusive. That has not stopped certain scholars from proposing the existence of a corpus of work by a shadowy "Master of the Manchester Madonna". This theory is immediately scotched, however, by direct comparison with an example from Vienna of this putative master. There is no comparison.

But it is the mysterious "Entombment", dated about 1500 to fix it to a known commission for an altarpiece for Sant'Agostino and painted in oil, which is the greater puzzle. A drawing from the Louvre of a kneeling nude is supposedly a study for the figure of Mary at the lower left of the composition. A lone scholar has suggested it is not by Michelangelo at all, and he has a point. For while this study is close enough in spirit, it displays an openness and almost awkward linearity in its working that is not quite up to the denser and more fluid modelling of Michelangelo.

But does a single dodgy drawing call into question the authenticity of the entire painting? Was a drawing by someone else never useful to an artist? Do inconsistencies in the handling and the drawing suggest anything more than that one artist accepted help from another? Does lack of documentary reference to a work, that was clearly full of formal problems and no less clearly left off abruptly, necessarily require its removal from the canon?

Such arguments do seem so often to be put forward in a spirit of all or nothing, when the probable reality was something altogether more practical and mundane. Paintings take time, ideas shift and change, things go wrong.

My own view is that "the Entombment" is a magnificent failure in a time when the sculpture was going from spectacular to glorious success. It was not to be until the Sistine paintings of only a few years later that Michelangelo would be able finally to resolve, in terms of painting, the easy yet monumental naturalism that he had already achieved in such sculptural marvels as the "Pietà". The comparisons *passim*, between the paintings, the sculpture and the ceilings soon to come, effectively make the point.

Simple, sculptural monumentality which could only be the work of Michelangelo: detail from the 'Manchester Madonna'

Making & Meaning – the Young Michelangelo: The National Gallery, Trafalgar Square WC2, until January 15. In association with Esso UK.

When artistic patronage proves a good investment

***Antony Thorncroft** on the beneficial relationship between arts and sponsors*

In the past year arts sponsorship has proved itself an industry with stamina. After two decades of steady growth, with business support for the arts expanding from around £1m a year to £64.4m in 1992-93, there was a slump, with the recession taking its toll and cutting expenditure by 13 per cent to £57.7m.

But in the last 12 months the industry has stabilised, at around the same sum. Indeed so many new sponsors are applying for the £4.8m a year available in government matching money under the Business Sponsorship Incentive Scheme, that the Association for Business Sponsorship of the Arts, which runs the BSIS, has been forced to cut the top-ups by around 40 per cent, to the consternation of many arts companies and their would be sponsors.

Companies are now much more hard-headed about their sponsorship expenditures: they want to see results. There is little inclination to throw £100,000 at an event and hope for the best. This applies across all the main reasons for arts sponsorship – to support an event which offers entertainment for existing and prospective clients, influential contacts and opinion formers; to use the arts as part of a marketing and PR strategy, and to give something back to the community, viewing the arts as an element in the charity budget.

It is usually too expensive to evaluate the effects of arts sponsorship (although one new sponsor, Clerical & Medical, has done so to its own satisfaction) but there is much less money wasted these days. Take one of the biggest new sponsorships of the year, Allied Domecq's £3.3m support, over three years, for the Royal Shakespeare Company.

The company's arm might originally have been twisted by the Prince of Wales, but the link gives it access to a prestigious national company that tours abroad – useful as Allied-Domecq goes ever more international. It offers opportunities for entertaining both in London, at Stratford-on-Avon near its Midlands base, and throughout the country. It provides an educational project, which serves the company's charitable needs. It offers RSC privileges to its workforce. And it acts directly on its customers by adding promotions for visiting the RSC to its brands. On November 6 the RSC will be performing a Shakespeare revue at the opening of the CBI Conference in Birmingham. This is good for the prestige of Allied Domecq and allows the RSC to play before an influential audience.

The two biggest sponsors in the UK, BT and Lloyds Bank, (with BT just ahead with a £1.8m a year spend) reveal two contrasting approaches. BT concentrates on the community. Its main commitments support drama and music at the amateur level. It also encourages young people to get involved in the arts and this year commissioned a new work by composer James Macmillan to be performed by 12 leading orchestras.

Lloyds Bank, with its support for music, film and fashion, concentrates on art forms appealing to the young, possibly potential customers. Ideally it looks for massive television coverage of its events, most notably the Young Musician of the Year competition, organised with the BBC.

While hospitality is still important (the £26m raised by Glyndebourne from companies towards the £33m cost of its new auditorium proves that) this is increasingly seen as part of the general corporate hospitality budget. Arts sponsorship is concentrated either specifically for marketing, or for goodwill.

Among the most effective marketing campaigns has been Beck's Beer, which concentrates on young people by supporting avant-garde visual arts events. Its latest has been backing the German conceptualist Rebecca Horn's shows at the Tate and the Serpentine. Once again a special production run was produced, with a work by the artist decorating the bottle.

On a more altruistic level, Manchester Airport has become the major sponsor of the arts in the north of England, investing over £1.5m on such local companies as the Halle Orchestra, the Tate at Liverpool, the Royal Exchange Manchester and the Manchester Year of Drama. Here is a good example of self-interested patronage, helping the arts but also raising Manchester's profile as a travel destination.

The most encouraging features of the year have been the return of traditional sponsors which held back during the recession, like Nat West with its new art prize, and the penetration of the message into the regions and down towards medium sized and small companies. Indeed the London based companies are finding it hard to maintain their sponsorship income.

The fastest growth has been in the north, with the Halifax Building Society and Boddingtons, the brewers, prominent new sponsors, while it is the professions, notably solicitors, surveyors, and especially accountancy practices, that have proved useful friends for many local arts organisations.

One of the most satisfied accountancy sponsors of 1994 was Ernst & Young, which put £500,000 behind the Picasso exhibition at the Tate. The publicity and entertainment spin offs exceeded its expectations and it is quickly returning to the Tate, backing a Cézanne show there.

There is more imaginative arts sponsorship than ever before. Companies are more inclined to offer help in kind: they are also loaning specialist staff – accountants, computer experts, etc – to arts organisations under schemes like Business in the Arts; there is more interest in sponsoring the adventurous (like Michelob's support for fringe theatre and Toshiba's £500,000 help for the ICA), or commissioning new music, new drama, new art (although the New Contemporaries travelling art show desperately needs a sponsor following BT's withdrawal).

It remains true that many arts directors spend time chasing up sponsors which could be more fruitfully directed at creative work, but there have been no indications that sponsors have ever tried to determine the artistic programme. The relationship over the past two decades has been largely beneficial – opening up the eyes of business to the imagination of the arts, and teaching the arts something about commercial reality.

Young writers show dramatic talent

The world is likely to hear more of these budding playwrights, says Ian Shuttleworth

The showcase season of this year's 21st Royal Court/Marks & Spencer Young Writers' Festival consists for the first time of two alternating double bills rather than a single clutch of plays.

The writers, aged between 15 and 22, all display a heartening degree of promise and one of the works on show is a little gem in its own right.

Corner Boys by 16-year-old Derry lad Kevin Coyle is a sometimes acute teenage-view of teenagers. Although set in Derry, it is concerned less with a particular city than a particular generation, the nothing-in-particular youngsters whose late spokesman Kurt Cobain adorns the T-shirt of one of the characters.

The series of vignettes draws much laughter of recognition as Dave and Barry awkwardly work up to asking Angela and Kerry out for a big date at a café or down at Kentucky Fried Chicken – and also as they try in vain to deal with the neighbourhood psycho, Chopper. When Coyle occasionally tries to be flash or profound his script rattles, but when the piece sticks closer to home it maintains a satisfactory chunkiness.

Essex Girls by Rebecca Prichard is a fairly blatant comic-tragic contrast. In the first act, a trio of would-be suss babes hang out, smoke and talk sex in the girls' toilets of a comprehensive school. In the second, depressive Kim – effectively abandoned by the drunkard father of her son – is visited in her high-rise by her best friend, who tries desperately to snap her out of her lassitude for even a short while.

The latter scene goes beyond simply subverting the considerable humour of what has gone before, and gives the play the air of an exercise in technique. Nevertheless, Prichard will certainly learn to structure her dramas less obtrusively (this is her first play) and already has a sensitivity for character and a keen ear for dialogue.

Roxana Silbert's direction is alert to the moods of the plays, and creates an evening of solidity rather than sensation. The most impressive performance on the bill is that of Siobhan Hayes as Kim in *Essex Girls*, who capably conveys her character's mood of grey rather than black depression.

Co-director Jane Collins has the better deal in terms of material. Fifteen-year-old Hayley Daniel's *Looking for Home* kicks off the second bill, portraying the arguments of a divorced mother and her 13-year-old daughter with an often uncomfortable rawness. Sam and her mother both say exactly what they feel, partly because theirs is not a relationship that observes polite conventions and partly because Daniel has yet to acquire the skill of coating her characters with such a veneer.

Yet the glimpses into Sam's childish fantasies, and the fact that they complement rather than supplant her grip on reality, are affecting, and Sarah-Jane Potts is quite remarkable in her professional stage debut in the role.

The jewel in the festival's crown, though, is *The Knocky* by Michael Wynne, aged 21. The Kelly family celebrate their grandmother's 70th birthday on a Birkenhead estate amid a culture of long-term unemployment and constant theft – as the story begins, son Joseph himself knocks off the family video, later joking that hot VCRs are virtually an alternative currency. The play is an impressive blend of hilarity and poignancy, grit and sardonicism.

Wynne's dialogue is frequently so marvellous that I was reduced simply to noting down my favourite lines, such as "I hope he's cut down on those pot noodles – he smelt like he had an alien up his arse last time."

This is kitchen-sink drama in the "everything but the..." sense. Young Steven, a witness to his brother's burglary, lurks under a grey cloud of petulance while sister Lizzie agonises about the morality of the "dodgy money" she earns at nights – another strong performance from Potts, matched by Elizabeth Berrington as the irrepressible aunt to whom she unburdens herself – and Ma Kelly keeps the family together in best Boswellian fashion. Wynne somehow manages to put a triple twist into an almost wordless ending, played out against the bathetic strains of Dionne Warwick.

The world is likely to hear from most of these writers again, and in Michael Wynne's case this particular corner of the world can hardly wait.

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Chess No 1044: One solution is pawns at a4, b2, c6, d6, e1, f3, g5, h7. Theme – keep the pawns out of the four corner and four central squares, and it helps to look for squares a knight's move apart.

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Making up is so very hard to do

Lucia van der Post on how a skilful artist can transform your appearance

If you are by nature shy and retiring, if you feel at home with the refined no-make-up-look faces of the Armani or Calvin Klein woman, prepare for a tough season.

All those pale skins, non-descript beiges and all that exquisite tastefulness, are being replaced by something much more alarming – up-front reds, look-at-me fuchsias, smouldering eyes and aggressively manicured nails.

There is a brashness, a feistiness abroad. That at least is the message peddled by designers, make-up artists and models but, as with most such messages, it is first aired in an extreme and exaggerated form. After all, if it was not, would anyone take any notice?

For those who live in the real world, and have to get by without top-model Nadja Auermann's platinum hair, dangerous eyes and towering body, adopting this look wholesale would probably be unwise but, nevertheless, there has been a mood-change and there are ways of reflecting it without looking... well, daft.

If you want to know how, there are few cleverer exponents of the art of making-up than leading make-up artist Kevyn Aucoin. In a book to be published shortly he takes us on a trip through the world of gloss and foundation, powders and potions, brushes and blushers.

The photography is beautiful and wonderfully explanatory. The end result may look like alchemy but Kevyn Aucoin gives us the nitty-gritty details. There, for instance, is Kate Moss, the role-model of waifdom and grunge, newly done over in 1990s' glamour.

There, too, is model Patti Hansen, made-up to show us how one face can project a powerfully different image by using different colour combinations: pale, luminous with light eyes and mouth; then chicly dramatic with a slicked-back bob, light eyes and vermilion mouth; "European-style" glam, all dark mouth and dark eyes; finally, we have her in what he calls the most sophisticated mood – dark eyes and light mouth. All these looks – he swears – are created with minimal changes so that a fresh, light look for daytime can be easily and quickly intensified for evening.

To show the chameleon-like ability of hair and make-up to project powerfully different images, he presents a fascinating selection of make-overs – these are the favourite stuff of magazine picture editors, for the photographs are convincing evidence that almost all who want to look good these days can look good. But Aucoin himself approaches make-overs with diffidence. "When I think of make-overs, I think of those awful "before" pictures in which the woman is captured sitting under a fluorescent light with no make-up on, her hair frizzed out, wearing the expression of someone who has just been told something terrible. Who wouldn't look better in the 'after' shot?"

Nevertheless, I defy any woman to look at the "befores" and the "afters" and not be encouraged – fairly ordinary-looking women have been transformed by skilful make-up, good hair-cuts and marvellous photography.

Although Aucoin is informative on all the techniques of making-up he is, perforce, short on giving details of products.

I therefore asked Val Garland, a British make-up artist working in the fashion field, to give us some tips of her own.

Colour, she says, is the make-up statement of the season – and the hottest colour to grace lips and nails is red. But bright, brilliant red, she warns, may do wonders for Paloma Picasso but does not suit every skin-tone. "There are other ways of using red," she says, "than just one brilliant slash of colour. Many of the cosmetic companies have produced soft red stains – Mac (only available at Harvey Nichols) and Clinique for instance. If you have a dark red that you find too strong you can dilute it with some of Keihls lip-balm for a softer look. You can apply a real red to the centre of your lips and blend it out to the edges with a lip brush or cotton bud for a more subtle look.

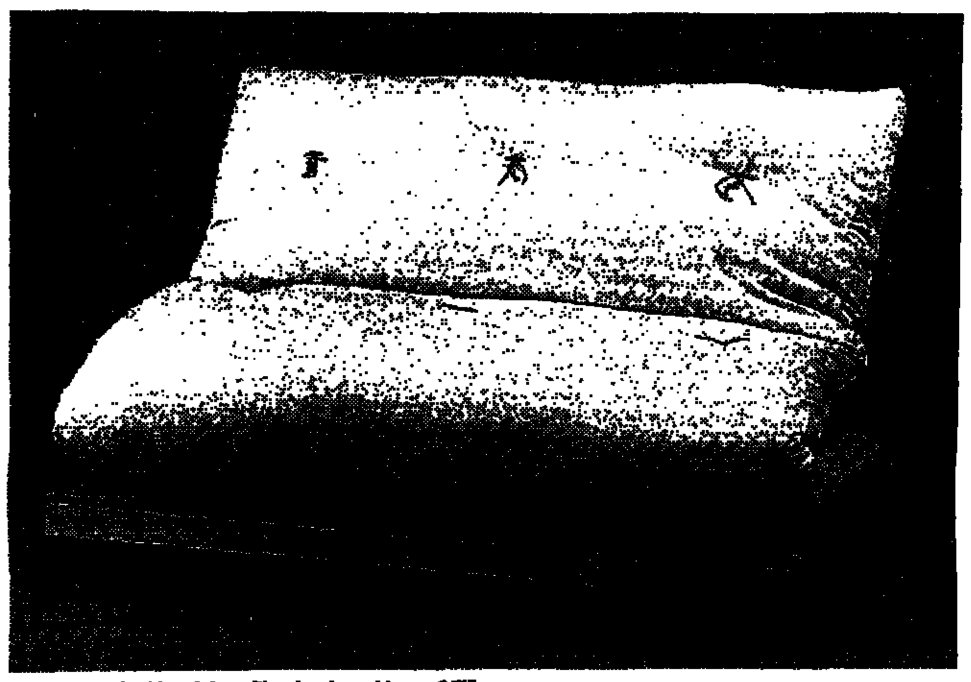
"Those going for the really bold approach should use a lip-liner to form a perfect lip outline (Mac has a true red pencil). This will help prevent the colour bleeding. Then the chosen red should be applied with a lip brush, it should be blotted with a tissue and then reapplied. This way your lipstick should stay put.

"At night you may want a stronger red – Helmut Newton-style. After you have applied the lipstick as outlined earlier you should then put some lip gloss in the middle only of the lips (if you put it near the edges it will smudge)."

Her favourite reds for this season are found at Mac, Prescriptives (by Clinique), Paloma Picasso, Chanel (Rouge Coromandel for those who like it bright, Rouge Star for a subtler look) and Yves Saint Laurent.

■ The Art of Make-up *by Kevyn Aucoin, (Prion, £40, 175 pages) is available from November 1. On Tuesday, November 8, he will be demonstrating his skills and signing books at Harrods, Knightsbridge, London SW1 from 12 to 2pm.*

The power of make-up to project an image: Eva Herzigova made-up in 1950s' style by Kevyn Aucoin and photographed by Steven Klein for Norma Kamali



Sofa by day, bed by night, with a hardwood base, £475

The cult spreads

Muji, for many who are within reach of one of its four branches in the UK, has become a cult shop. It arrived with a formidable reputation from Japan where, in that land of widespread devotion to the designer label, it had managed to build itself into a chain of 221 shops all purveying the notion that a "look-no-label" (which is what Muji means) range had a chic all its own.

Of course timing is all and Muji's arrival coincided with the mood for a simpler, more pared-down approach to living. It became a hit with the young who loved the fact that it concentrated on needs and seemed to have no interest in creating wants, that it provided them with the basic essentials for homes and bedsits and that, above all, simple was not a euphemism for cheap.

Having found that its shops in London's Great Marlborough Street, Covent Garden and Glasgow have made a niche for themselves, Muji is now trying to reach a wider public. This week it opens in Kensington High Street, south London, where it is going to have to compete with the offerings of some of the most successful chains – from BhS and Marks and Spencer to Warehouse and C&A.

To do this Muji has been carefully redefining its ranges over the last 18 months.

The strong yen had made many of its products, innately desirable though they were, seem expensive by the time they reached the UK. Muji has therefore been looking at sourcing many of the ranges outside Japan and prices are now much keener. Bed-linen, which used to come in sizes that did not conform to British beds, is now being sourced in Europe and will fit European beds. Clothes are being sized up to new LL and XL sizes to cope with larger western bodies. Muji's underwear range is already well established (it is very popular with my own children). Cult items include stationery and snack-foods. In the Glasgow branch foods such as dried shrimps, seaweed, chocolate pretzels and butter cookies are among the best-sellers.

■ *The new store opens at 157 Kensington High Street, London W8 today and there is plenty of new merchandise. Its mail order brochure will be available from the shop or by ringing 071-494 1197.*

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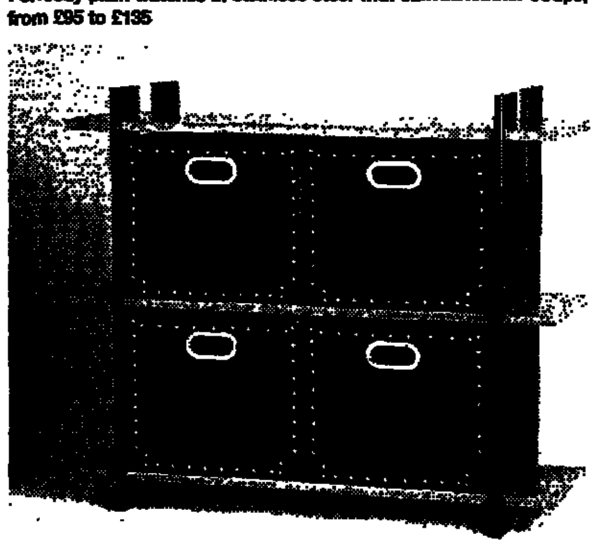

Medium density fibreboard storage unit with four fibreboard drawers, £195

The ring cycle

A commitment that matters

The rite of the engagement ring, I discovered when doing a bit of research a few weeks back, lives on – in the UK at least. In Britain, 96 per cent of men buy their brides-to-be an engagement ring. And very nice, too.

But these days, if statistics are to be believed, marriage is not what it used to be and a "relationship" has become the new institution. For any jeweller worth his chisel these changing times represent a challenge.

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Hennell of Bond Street, one of London's oldest fine jewellers, has decided to bring itself up to date and this week launches its new, streamlined, 1990s version of the old-style engagement ring.

Designed by Dennis Gardner, Hennell's head of design, it is simple in the extreme – in pure gold or platinum the ring is not quite closed, leaving a symbolic gap. One of the open ends of the ring is finished with a brilliant diamond, the ring comes engraved with two sets of initials and, for those who like jewellery to match, there is a bracelet which is simply the open-ended ring made larger.

The rings start at £750 (for a diamond the size of a tenth of a carat, prices go up as the diamond gets larger and a sized-up ring with a half-carat diamond for instance would cost £3,800).

The commitment bangles start at £2,200 and also go up as the diamonds get larger.

■ *Hennell is at 12 New Bond Street, London W1Y 1HE.*

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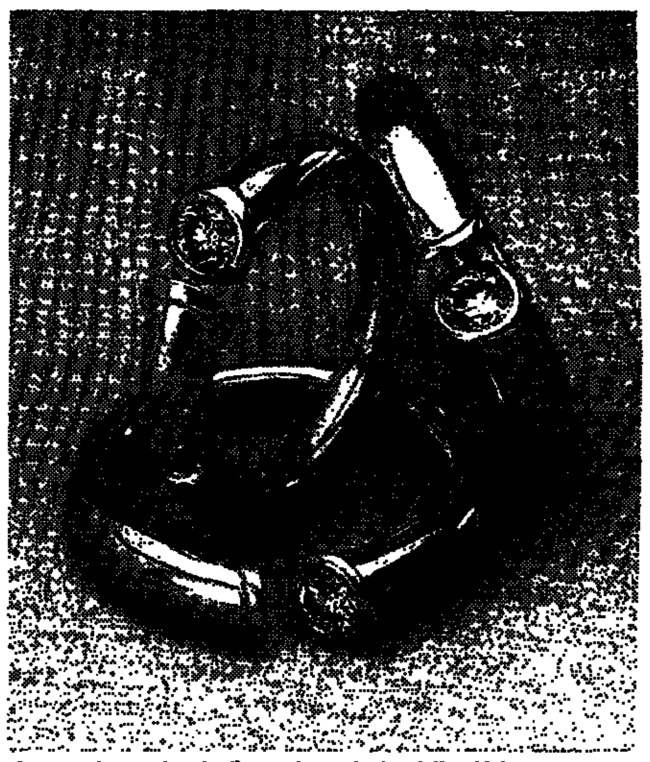

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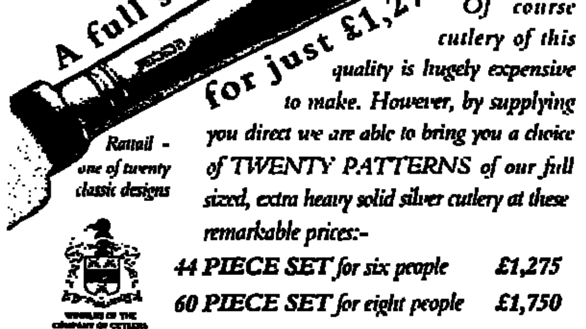

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FASHION

Suits are serious this season

***Avril Groom** has been combing the catwalks and the high street for plain and simple clothes*

A woman who went into German designer Jil Sander's new concession at Harrods recently bought seven suits. Perhaps she needed one for each day of the week, such is the pull of the serious suit on the modern woman.

It is the same story at the Sander shop which Browns has opened in South Molton Street, W1. Amid the cool marble and glass, suits are sought after. They cost £1,200 on average, their popularity reflecting their importance in a well-planned wardrobe.

This season it should be your main buy. On almost every catwalk at the autumn shows, behind the unwearable razzmatazz, was a suit which could rise to any occasion. The jacket, leanly-cut or flared out from a neat waist, was long enough to act as a coat over the new short, A-line skirt.

The majority had matching trousers, slim enough to go with new-glamour high heels and to look smooth with an A-line tunic.

Sander's suits are plain to the point of severity, made from the finest of drapable wool, cut with shoulders that are defined yet soft, and shaped with gently arching seams that flatter but never constrict.

Feminine authority is a good description for fashion's U-turn towards a dressed-up but still soft look. A good investment, they are impressively minimal when worn alone but can form the ideal foil for a new season's accessories.

Such plain suits profit from a little wit and whimsy. One lesson from the muddled fashion of the 1990s is that individuality pays. The minimal-suit clone is as boring as the gilt-button clone. So use your suit as background material, making it your own with imaginative accessories – the mini-bags, jewel-bright angoras and ankle-strapped high-heeled shoes that create a tone of light-hearted glamour.

This is where the high street comes in. From designer diffusion ranges to department stores and chains, mass market fashion now reacts so quickly in interpreting catwalk ideas, and has improved its quality so much, that there is little point in buying the expensive original of a one-season wonder.

There are just two areas this autumn where one might advise caution. A-line skirts from youth-market chains are *very* short so you might prefer more sophisticated sources. And the new influx of bright or metallic colour can be very garish at the cheaper end.

Nevertheless the high street is well worth searching: Oasis fringed scarves cost under £15 and French Connection's soft and dusky velvet A-line tunic is £89. At Whistles' (strictly speaking more of a chic boutique chain) there is a silk satin shirt in a particularly luscious muted pink, redolent of 1930s glamour, at £110.

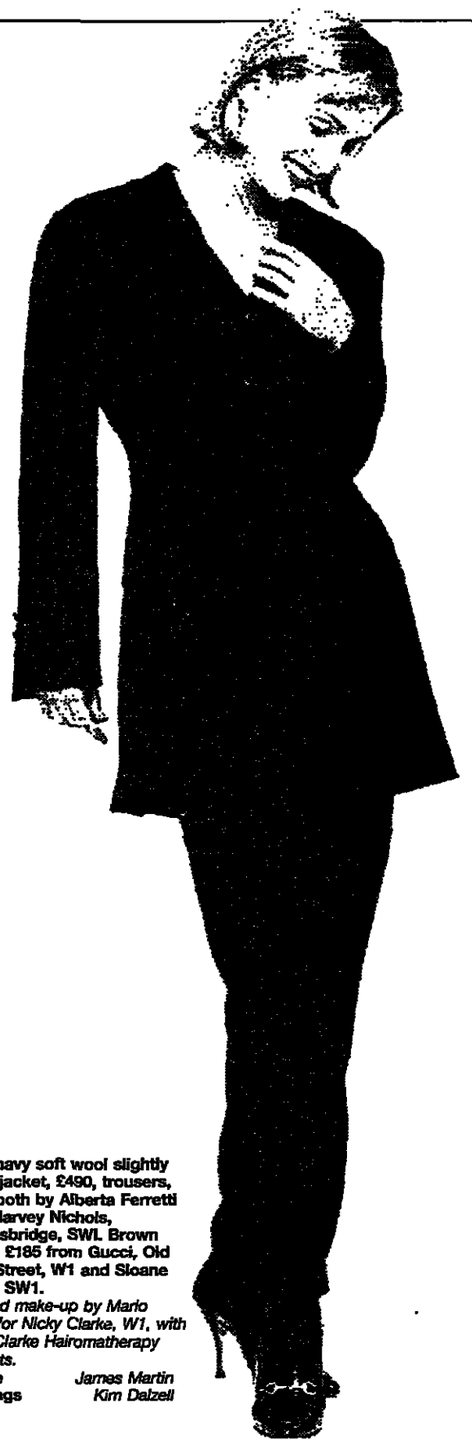
The main suit is one item where the rule of thumb is to buy the best you can afford – it will make those high street accessories look classier. There are good, plain suits at all levels. When clothes are shorn of detail, cut and finish become paramount and need close examination before you buy. Dorothy Perkins' newly revamped range, Jigsaw and Marks and Spencer easily pass the quality test for young women on a budget.

With middle-range suits costing about £400 each, it is worthwhile, if you can, going up a notch to a level where excellence of cut and finish, plus proper design input, are taken for granted. It may seem a lot to pay £600-£800 but designers are well aware that their customers want lasting value. Rightly, you get more cut and less detail for your money.

Choose a dark, plain colour for maximum mileage. Black is obvious but less versatile for a suit which must presumably go from day to night and town to country. Charcoal, navy or deep taupe are better choices. Pinstripes are hot, but think before you buy – will you still want them next year?

We have listed the best suits, all beautiful, versatile and useful in the long term. The Alberta Ferretti style photographed here has all the qualities of contemporary glamour – soft, matt fabric, a slim-waisted, flattering shape and a chameleon ability to go with this season's essentials.

Sketched here are just some of the clothes that will give your suit the extra mileage to take it through the winter.



Slate-navy soft wool slightly flared jacket, £490, trousers, £190, both by Alberta Ferretti from Harvey Nichols, Knightsbridge, SW1. Brown shoes, £185 from Gucci, Old Bond Street, W1 and Sloane Street, SW1.
Hair and make-up by Mario Yianni for Nicky Clarke, W1, with Nicky Clarke Hairomatherapy products.
Picture *James Martin*
Drawings *Kim Dalzell*

Evening

WAYS TO WEAR THE SUIT: With an A-LINE SKIRT AND WAISTCOAT (illustrated top right) and suit jacket. Navy tartan version by Donna Karan, £175, waist-coat, £150 from Browns, South Molton Street, London W1.

The TUNIC – to be worn over suit trousers. Deep charcoal velvet tunic, £89 ink blue silk shirt, £85, (illustrated), both from French Connection, Regent Street, W1 and branches, Way In, Harrods, Knightsbridge, SW1 and Fenwick.

COLOUR – a little goes a long way. One bright sweater or vivid bag is fine. Illustrated: Red panné velvet body, £135, and red satin rucksack with diamanté snaffle, £295, from Gucci, Old Bond Street, W1 and Sloane Street, SW1.

PASTELS are an alternative and the same rules apply. Illustrated: muted pale pink silk-satin shirt, £110 from Whistles, and cropped soft pink mohair tank top, £24.99 *from warehouse.*

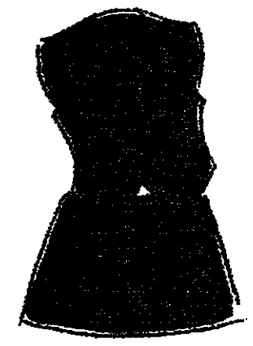
EVENING – To make yours a dinner suit, add satin side-striped evenings trousers (Marks and Spencer, £45), and (illustrated left), a black lace body by Christian Lacroix Bazaar, £99 from Dickins and Jones, Regent Street W1, and ribbed velvet coat with quilted lining by Sahza, £239, from Fenwick.

SILVER EVENING – a Lurex sweater, £195 from Edina Ronay, Kings Road, SW3 and Harvey Nichols and silver velvet scarf, £12.99 from Dorothy Perkins.

SHOES – high heels, ankle-straps, tango or tap dance styles – (Russell and Bromley, £110). Over-knee boots. Stilettoes even on soft suede ankle-boots (Manolo Blahnik, £350).

THE KNIT DRESS – to be teamed with the jacket. Avoid high-waisted versions unless you are slender. Fuzzy finishes are fattening. Warehouse's A-line angora in black or pale blue (£54.99) and Alberta Ferretti Philosophy's mohair in charcoal or brown (£149, Harrods' Way In) are simple. So is the beige knitted dress *by Fenn, Wright and Manson,* £69, from Fenwick, New Bond Street, W1.

Pastels



A-line skirt and waistcoat

Bag

Tunic

Silver evening

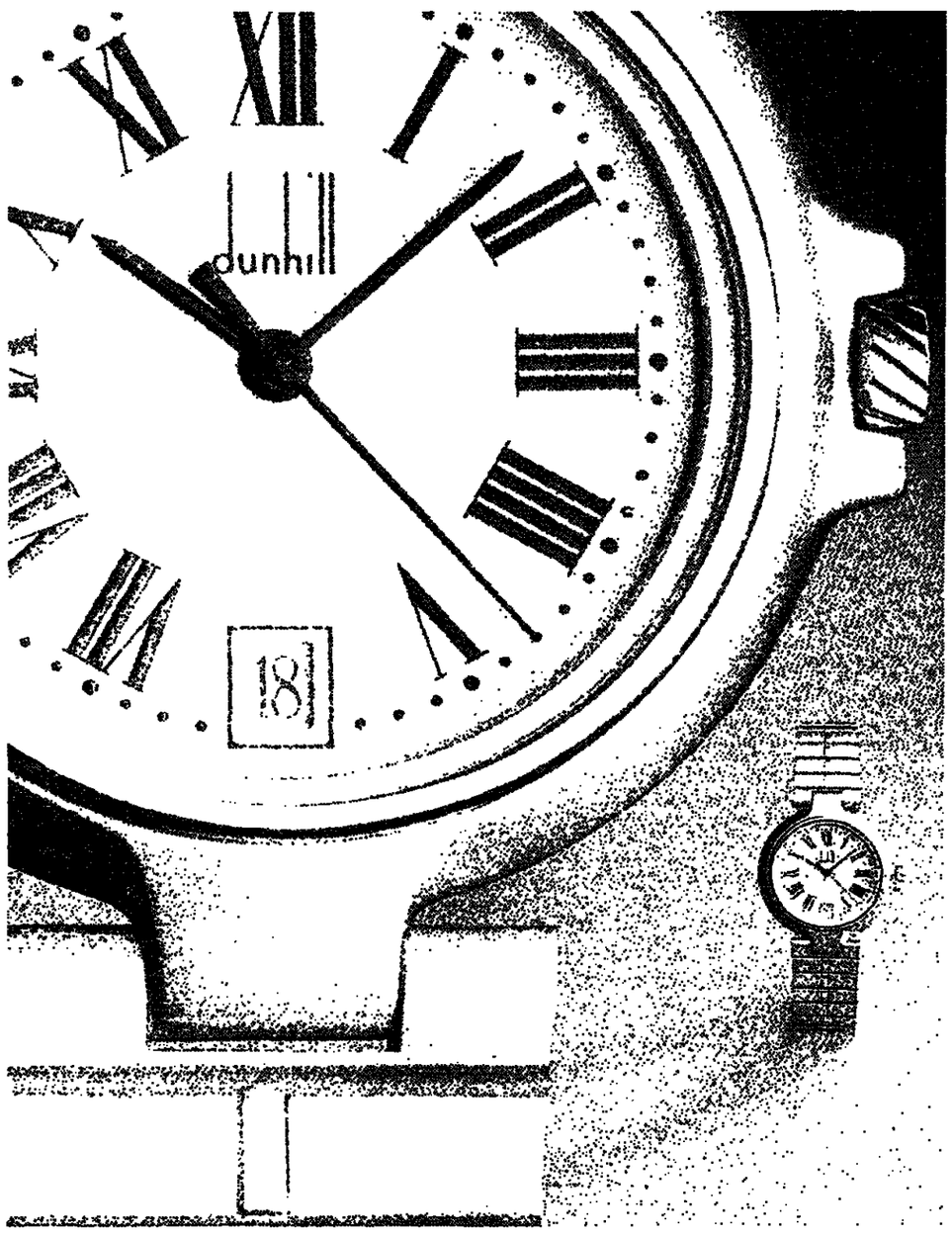
Silver evening

Colour

Where to buy the best suits

- Chanel, Old Bond Street, W1 and Sloane Street, W1 – black and white tweed, very fine diagonal stripes. Hour-glass long jacket, short skirt, £1,650.
- Catherine Walker at the Chelsea Design Company, Sydney Street, SW3 – pale grey soft wool twill, jacket curved to fit, four buttons, soft, slim trousers. Made to measure. Jacket from £995, trousers from £395, waistcoat from £395.
- Armani, Sloane Street, SW1 – grey soft rayon/silk chenille *herringbone, double-breasted jacket, trousers,* £1,400.
- Jil Sander, South Molton Street, W1 and Harrods, Knightsbridge, SW1. Wool, long slim jacket and trousers, £1,225.
- Ralph Lauren, New Bond Street, W1 – navy fine wool slim, long blazer, single-breasted, metal buttons, brown velvet trim, £665, slim trousers, £245.
- Callaghan, Harvey Nichols, SW1 – charcoal wool with faint stretch and sparkle, long, slim, plain jacket, £470, very slim trousers with turn-ups, £205.
- Caren Pfleger, Harvey Nichols, SW1 – very long grey or black three-button jacket with slight swing, £460, soft trousers, £210.
- Caroline Charles, Beauchamp Place, SW3 – grey flannel jacket with buttons on loops at waist, £387, soft trousers, £239.

ALFRED DUNHILL



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PERSPECTIVES

Monuments for the millennium

We asked readers how Britain should celebrate. ***Antony Thorncroft*** *received hundreds of ideas*

The Millennium Commission is seeking your ideas on how the nation can best celebrate the end of the second millennium. The Government has set aside a fifth of the proceeds from the national lottery – a possible £1.6bn – to ensure the party will be worth remembering. We asked our readers to help out the commission with suggestions.

We obviously touched a nerve – the response was tremendous, producing hundreds of ideas. Many shared the same vision: that the money should be devoted to nature – to more parks, trees, flowers along every highway, the greening of the land.

Many had a more 21st-century vision, pushing for information highways, science parks, a computer terminal for every home.

Many more wanted the money to go, not on buildings or objects, but to the poor, to improving health care and housing estates, a view summed up by Cessna Vaz who suggested a ticker-tape extravaganza, pouring money down on the needy.

There was an enthusiastic lobby for a national virtual-reality centre (Sam Briddes suggested the old Paddington goods yard as the site) to which the whole nation could tune with their Millennium computers. Peter Howe even suggested a virtual-reality monarch to take the strain off the Queen.

Past national celebrations have focused on buildings – the Crystal Palace in 1851, the Festival Hall a century later – but, apart from the brave idea of a North Sea Tunnel linking eastern England to Scandinavia, there was no great support for a 2001 monument.

Among the ideas were a gigantic national museum built of titanium ; a matching obelisk for Cleopatra's Needle; a rocket-shaped skyscraper topped with telescopes; and, on a humbler plane, Lt Col Colin McVean produced very specific plans for a sundial which could be attached to existing structures like Nelson's Column, or to village maypoles, allowing the nation to keep time during the Third Millennium.

Some suggestions seemed rather self-serving – King's Jazz Review wanted a traditional jazz Jazzitoria; others were universal, like R.S. Osmaston who wanted every 18-year-old in 2000 to be given £1,000 if they had no criminal record.

There were the idiosyncratic – like Andrew Seed's plea for a vast gambling centre, a British Las Vegas sited near Manchester; plans to build a new town that looked exactly like Elizabethan London; to dismantle hydroelectric dams in Scotland to restore beauty to the Highlands; or allocate a Scottish island, perhaps Arran, for the Chinese wanting to leave Hong Kong in 1996.

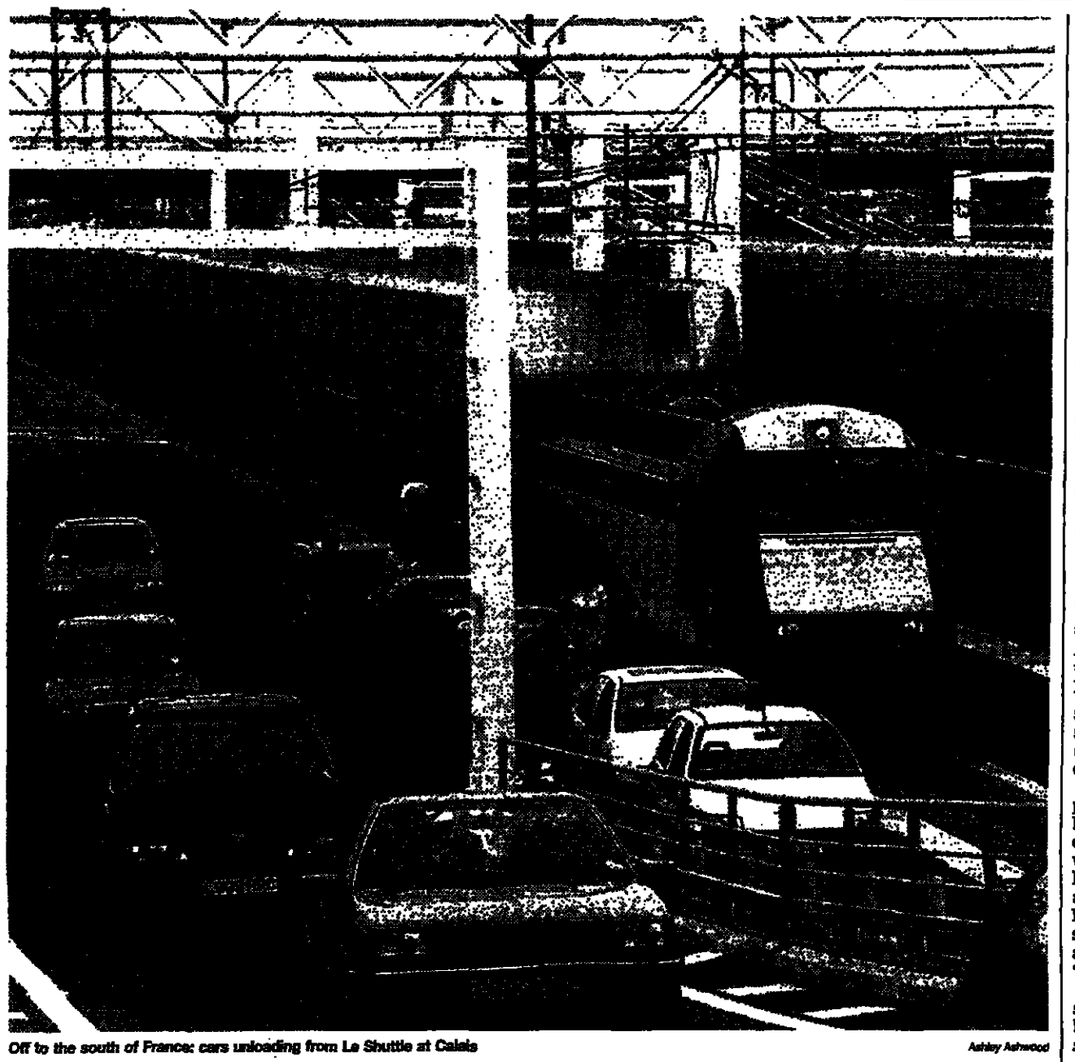
There was a big transport lobby, wanting cycle lanes traversing the land; off-street parking for every vehicle; free cycles for all; bullet trains; a Peace Ship 2000, with concert areas and exhibition space; and 2,000 barges sailing down the Thames. It was only matched by advocates of more national parks; lungs for cities; and banning cars.

There were supporters for exploiting the potential in hydrogen; advocates for harnessing tidal power; for making more use of water, from the ocean resources to reclaiming deserts. There were those who wanted a university for the 50-plus generation and many suggestions for a grand new national museum, perhaps a 21st-century Crystal Palace, reflecting the past but also looking towards the future, forming the greatest scientific resource centre in the world, or, in the words of William MacKay a "World Millennium University".

For the winners I was divided by the most imaginative ideas and the most comprehensive lists of sensible suggestions. Among the latter, John Clink supplied 15 including such novelties as a Peace Prize for Britons and a British attempt to capture every Guinness record; T.P. Butler costed a range of ideas and came up with the wheeze of investing much of the Millennium Fund in the stock markets and real estate of Asia so that the revenues last for ever; while N. May was practical, with free calls to one specific number (to a son or daugher) for over 60s; free electricity in 2000; and a birthday present of a block of Premium Bonds for everyone, not cashable for three years.

Among the imaginative ideas Tony Sanderson of Oxford thought big. He wanted to recover much of the North Sea and the Wash, thus extending the land of the nation. He also envisaged a mountain range on the Welsh borders and ideal for skiing and walking. It would give the Midlands warmer summers. The bulk would come from the waste of industrial cities.

But the winner is Darren Ross of Sunderland who envisages 2000 stone monuments erected around the coastline of Britain. Not amazing in itself but Mr Ross imagines a carving on every stone, a poem, a legend, a picture, telling the visitor about the locality. Each stone could contain sundials, compasses, maps, optical illusions. It could have a transmitter sending out a poem, a song, a description. The stones should be of human height and imaginatively carved. And at the height of the Millennial celebrations a laser could link every stone, encasing the nation in a uniting thread of light. It is imaginative, practical, and charming, and well worth a crate of champagne.



Off to the south of France: cars unloading from Le Shuttle at Calais — Ashley Ashwood

Fast track to France

Bonjour, said the French Customs official, which came as a surprise as we were still in Folkestone. But Le Shuttle is full of surprises, whether it is Nicholas Grimshaw's breathtaking terminal or the sensation of driving your car along a platform into a train, which then starts without you noticing.

Among a five-car compartment belonging to Eurotunnel shareholders who had paid £30 for a return trip – 30 times more than their future concessions are worth – was Elizabeth Hooninan, taking her second Le Shuttle trip. Believed that she had not found it claustrophobic, her only disappointment was the lack of prestigious shops in the UK terminal.

"People have said to us we should sell our shares," she said, "but we haven't and we won't. We feel that Britain needs a national project and we bought the shares because we believed in the idea of a great British venture."

Jane and David Warren bought their shares in Eurotunnel because he hates travelling by sea and she loathes flying. "I'd definitely use it again – especially as I hate the ferries in winter," said David.

Seconds after leaving Le Shuttle, you are on the motorway heading towards Paris, marvelling at the lack of formalities and the ease of the journey. That is, until you realise you are driving on the wrong side of the road.

Heather Farmborough

All in the Mind/**Andrew Derrington**

Switched on to pain

Anyone who suffers frequently from a bad back – and that includes one in four Britons, according to a recent study – knows all too well that science has not been very good at controlling pain. But scientists are catching up.

It has long been believed that pain is the body's alarm signal to prevent further damage (such as to a finger on a hot stove). But why then do we feel chronic pain, long after the body could take avoiding action? Recent research suggests an answer.

The main point is that signals about damage do not always pass straight into the part of the brain that experiences pain. The signals can be blocked or amplified by switches in the spinal cord. And signals that have nothing to do with damage can be switched into the alarm system so that they cause pain.

Scientists are now trying to understand how to manipulate the switches so that pain can be controlled.

Acute pain after an external stimulus is still best thought of as a damage warning. Specialised nerve cells in all parts of the body activated by stimuli, such as from a cut or a burn, send signals into central pathways of the brain and nervous system where electrical activity causes the sensation of pain.

The brain works out where the pain has come from by knowing which part of the pathway is stimulated.

For example, a knock on the "funny bone" causes pain over a wide area of the hand and arm because it strikes the nerve-carrying signals from this area. a

Indeed, one of the cornerstones of neural science is the idea that the sensations we experience from a particular stimulus may be different, depending on which pathways in the brain are activated.

This helps to explain some of the puzzles about the damage-warning theory of pain. For example, why does vigorous rubbing of an injury sometimes relieve pain, whereas in other circumstances the lightest touch can be agonising? How can an amputated limb hurt? Why, in chronic pain, does the alarm continue to ring long after it has served its purpose? The answers come from research on the switches that block or redirect pain signals.

The first suggestion that pain signals could be blocked from entry into the spinal cord came in the mid-1960s. It was proposed that they pass through a sort of gate that can be closed by a circuit activated by other sensory signals.

There is now much support for the gate theory. Rubbing the skin relieves pain because it generates sensory signals that activate the circuit that closes the gate. Acupuncture and electrical stimulation of the skin work in the same way. Morphine's analgesic effects occur because it mimics a chemical that closes the gate.

Research is answering some puzzles about pain theories

The gate can also be closed by signals descending from higher levels of the brain, to block pain if we need to act to avoid something even worse. Wounded soldiers can often disregard injuries until they are out of immediate danger.

A different set of spinal switches amplifies pain. Prolonged or intense signals in the damage-sensing neurones have two effects. Central pain pathways become more sensitive to their normal inputs so that pain is amplified. They also become sensitive to signals caused by touching or moving the skin, so that these, too, cause pain, but no damage.

This intensification of prolonged pain has doubtless evolved to immobilise any part of the body which has become badly injured. So any sensations that result from a disturbance of the injured part (such as a hand or foot) are rerouted into the pain pathway, even when a similar movement would not in other circumstances have caused direct pain. The unfortunate consequence is that chronic pain conditions, for example from inflamed nerves, are made worse.

The pains that may be experienced in an amputated limb and by patients whose spinal cord has been severed (paraplegics) probably also owe much to this mechanism

For even when a limb has been amputated its pain pathway in the central nervous system remains and can be activated.

Paraplegics usually lose all sensation below their spinal injury, but they may be left with severe pain. In some cases the spinal pathway carrying pain signals may be intact and other sensory signals may be channelled into it.

Scientists do not yet understand the details of the mechanism of central sensitisation, but it is the focus of important research in universities and in the pharmaceuticals industry.

A drug to reverse its effects – still many years away – would lighten thousands of lives darkened by chronic pain.

■ *The author is professor of psychology at the University of Nottingham.*

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How to sweat off the excesses of life

Christopher Parkes *samples the rigours of 'the cure' in the Allgäu*

It is four in the morning and there is a strange woman in my hotel room. I can make out only a pair of brawny shoulders framed against the light from the corridor. "Halli-Halloo!" she says, and whips off my duvet. "Get up. Undress and drink this."

Nettle tea is a noxious brew at the best of times. And this is not the best of times. Naked, dangling the teabag to protect my modesty, I sip queasily while the night visitor deconstructs my bed.

"Lie down!" I edge forward into the light, and stretch out prone. The nerve ends in my backside tell me I am lying in a puddle of lukewarm tripe. Receptors on my front-side twitch in anticipation. Then, splash! My knees jerk defensively upwards as I take a direct hit amidships from a cold, wet sheet.

Within seconds the icy wrapping stretches from my breastbone to my big toes. Now comes a layer of gelatinous hot water containers, strewn the length of my quaking torso. I am rolled and wrapped in blankets and feather-beds. "Footsies up. Armies so." Loose ends are stuffed. Corners tucked. "Good!"

Breathing heavily, she is suddenly gone; and I am immobilised in the darkness, scarcely breathing at all.

A 100kg roly-poly meat pudding, I lie still as death, only my nose showing. Then, unexpectedly, I am marinating in my own juices. The combination of wet linen, hot water bottles fore and aft, and heavy external lagging central to the implementation of the notorious *Schrothkur* is going to work, putting my sweat glands through their paces.

In spite of – or maybe because of – years of overdosing on stress and undesirable substances such as cigarettes and German sausages, I have cajoled myself into believing that it might be possible to restore some of the more desirable bodily functions impaired by 30 years as a journalist. Accordingly, I have come to the sub-Alpine village of Steibis in the Allgäu to regain the ability to breathe, eat and sleep properly. The rest can wait.

Deep in cure-and-cowbell country, close to where the Bavarian, Schwabian, Austrian and Swiss borders mingle on the shores of Lake Constance, I have suspended my disbelief in natural remedies and thrown away my cigarettes.

Although the *Schrothkur* appeals mainly to slimmers, and I am told my 1.85m frame is not over-burdened by the 99.6kg weight registered on my arrival, I have decided that while XL T-shirts are fashionable, XL waistbands are for fatties. At the same time I have convinced myself that if I can survive a week of early-morning "packing" and subsist on a diet entirely free of fripperies such as protein, salt and fat, then I can certainly do without my Dunhill Superior Milds.

It is only day one, but from within my tightening cocoon, the outlook does not seem promising.

It is now six in the morning and I am sorry I bothered to unpack my suitcase last night. Terminal claustrophobia is setting in, and there is an irritating whiff of old cooking under my itching nose.

Only now, as the enveloping angel returns to unpack my puckered body and allow me to drift back into sleep, do I realise that my own damp hide is the source of the kitchen aroma. The promised *Entschlackung* (slag removal when used for boilers and purification in bodily references) seems to be under way. Detoxification and breakfast beckon. But first, I need a snooze.

It is now 9.30 in the breakfast room in Burtscher's Hotel. After straying into a section where real people are eating real food, I have been forcefully corralled where I belong, among the sad-sacks and the gastronomically-deprived.

There, under my nose, sits a dish of weapons-grade muesli. I murmur that humans need at least two stomachs, ruminant-fashion, if they are to extract any nourishment from this gritty slurry of coarse-chopped raw grain.

But Frau Wunderlich, some 20 years my senior and 20 times as fit, has been coming for years and knows better. She even thinks a big strong chap such as Herr Parkes should have a bigger portion than the one she has just enjoyed.

'I still recall triumphantly counting 17 pumpkin seeds on my plate of salad one evening. By day two, bets are being wagered that the solitary Englander is not going to make it'

She is wrong, thank God. The waitress, plump as a *Weisswurst*, shakes her head and her Bavarian bustle. Everything is as it should be: small in volume and lacking in flavour. As the *Schrothkur* litany says, seasoning arouses appetites, and you do not need an appetite when you are not supposed to be eating.

So it continues: lunch, then dinner and back to the breakfast grindstone. The worst is a dish of sauerkraut soup. Far from being a junipery-peppery brew covered with globules of floating fat and speckled with chunks of *Speck* and sausage, it resembles nothing so much as a pair of undershorts boiled to destruction in Persil Power.

But meal times are not without their high spots. I still recall triumphantly counting 17 pumpkin seeds on my plate of lettuce, beet and cabbage salad one evening.

By day two, bets are being wagered that the solitary *Englander* is not going to make it, least of all with the cigarettes. Most have heard he is only there for a week, when everyone knows three weeks is the minimum necessary. They have also heard his descriptions of the preparation and consumption of Irish stew and *cèps à la Bordelaise*. They have seen him sitting close to smokers, inhaling deeply.

But what they do not know is that his modest expectations of this adventure are being more than fulfilled. He is sleeping like a baby. He is enjoying the morning physical jerks, even though most of the exercises are aimed at perking up breasts rather than building washboard abdominal muscles.

He is enjoying the companiableness of it all and the pleasures of his comfortable room. He is astounded by the limitless views afforded from the nearby peaks and facilitated by relentlessly clear weather. It is mid-October, and he is sunbathing and swimming outside, soothed by the clonking of the cowbells.

The smell of old cooking has evaporated from his room and by Wednesday he has ceased to feel hungry. The sauna and plunge bath are no longer torture. They are necessary punctuation points in the day's rituals. After a rigorous afternoon ramble, a three-course sauna session sets him up to face his one-course supper and an evening's socialising in the bar.

Yes, in the bar.

This is the do-you-good cure where the pain can be eased with analgesic booze. The drinks are limited to *Wacholderschnapps*, a diuretic derivative of lamp-oil and juniper berries, and Steiner white wine, a tongue-peeler reportedly related to the Riesling grape. But no one seems to care. Even on the so-called "dry" days, interspersed between "little-drink" and "big-drink" days, *Schrothkur* sufferers are entitled to two *schnapps*.

But the one to wait for is Thursday, when it is dance-night and big-drinks on the house. Anticipatory tensions are building up as early as Tuesday, when Georg, an out-size hotelier on a busman's holiday is eager to explain. Cure clients, he says, slugging back his fifth vodka and grapefruit juice, are easily switched into sexual overdrive. All it takes is a blend of nil-food, fresh air, Steiner Riesling and a 1970s crooner, preferably the late Roy Black, singing *"Ganz in weiss"*.

Having sat in the sauna with most of our middle-and-more-aged fellow guests or watched them wrestling with their wobbly bits on the gymnasium floor, I am not much convinced.

But my other neighbour, Ferdi, is positively slavering. He is a buckshot-for-brains huntsman. He knows where the chamois graze on the mountains outside. He can guess the weight and friskiness of a woman from 100m, and checks his estimates using the Bavarian cowherd's method of a whack on the rump.

But come the fateful soirée, and some of the more excitable gentlemen in the company are clearly up to their scuppers in Steiner before the ancient DJ is through his first session. More knees-up than leg-over, big-drinks Thursday is a noisy, rather than a naughty, affair and signals the start of the transition from asceticism to more normal existence.

On Friday, those about to depart are allowed a "build-up" dinner of a trout, unseasoned, cooked in foil. By Saturday night this departee is down the road to nearby Oberstaufen in the Enzianhütte restaurant. Starting with a roe deer fillet with *Steinpilzen (boletus edulis)*, red cabbage, fried gnocchi, a bottle of 1989 claret, he is chewing his way deliberately towards the holy-of-holies: dessert

It is 11am on my last day. I have enjoyed my "build-up" breakfast (but not as much as last night's afters: pear bread overlaid with gorgonzola and dribbled with honey). I have taken my last swim and paused to weigh myself by the pool: 93.3kg wringing wet. That is a good 6kg lost in a week, and I have not had a cigarette for eight days.

I am still smiling smugly as I step out of the hotel, blinded by the dazzling autumn sunshine, and almost colliding with an indistinct figure striding urgently past. "Halli-Halloo," she says. I turn, but she has gone again.

■ *Christopher Parkes stayed at his own expense in Burtscher's Kur und Sporthotel, 8974 Oberstaufen-Steibis, Germany.*

■ *For reservations and details, ring 08386-8910, fax 891317.*

■ *Some of the names have been changed to protect the innocent (and the guilty).*

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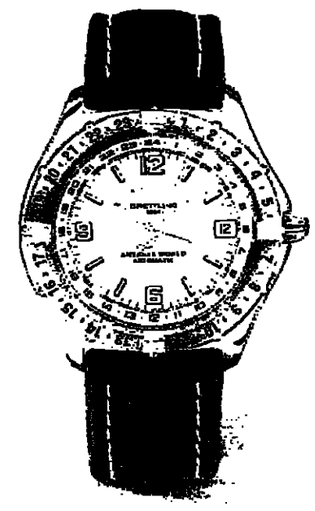

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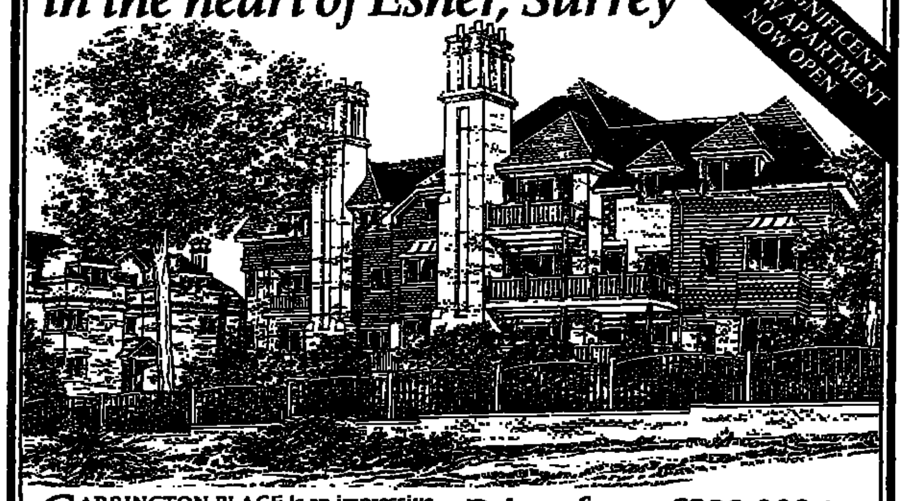

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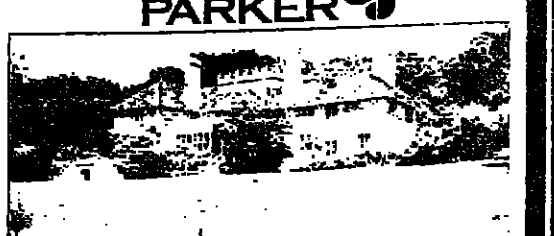

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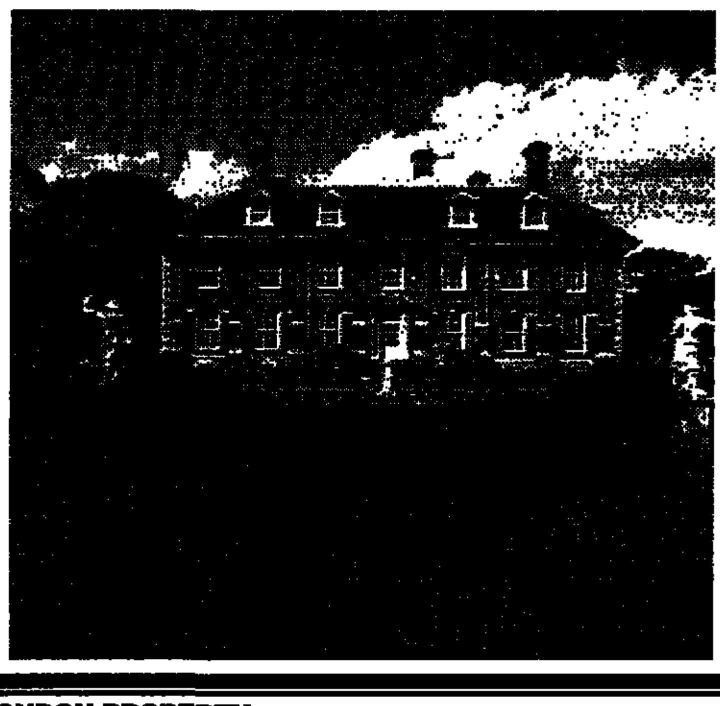

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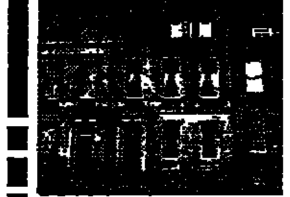

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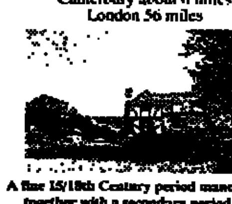

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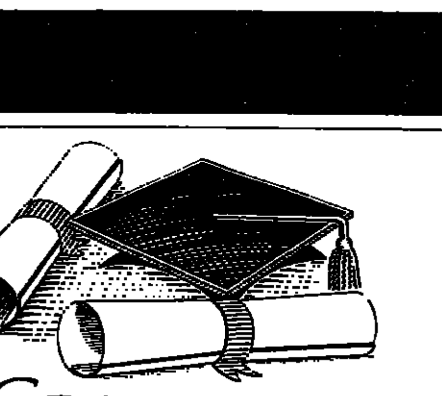

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PROPERTY / OUTDOORS

Match-maker selling

Georgina Overell explains how vendors can bypass estate agents

When Brian Laister put his Welsh holiday cottage on the market, he wanted to attract as many potential buyers as possible. He decided against using an estate agent and registered with a computer matching agency.

"My wife heard about computer matching and suggested the idea to me," he explains. "Because the details go on to a database which contains a national network of people who might be interested, I thought it would be a good thing to try." Within a few weeks the Laisters had a buyer, and the sale looks likely to go ahead.

Computer matching agencies operate in a similar way to the Dateline lonely hearts operation by putting vendors and potential buyers in touch. Once clients have each other's details, it is up to them to arrange the sale although, like Dateline, the agencies cannot guarantee a perfect match.

One of the main attractions of computer matching is that the fees are considerably cheaper than estate agents', who charge, on average, about 2 per cent for sole agency. On a house sold for £250,000, this works out at £5,875 (including value added tax), whereas the maximum charge by a computer matching agency for the same sale would be only £575.

There are now three companies operating nationwide in the UK, all established during the depressed housing market of the past few years.

Laister's cottage is registered with Link-Up Properties Nationwide based in Haywards Heath, West Sussex. It charges vendors a £75 registration fee for a six-month period. This includes the cost of advertising the property in a national newspaper and vetting the responses. Buyers register free.

If a sale is agreed within the first eight weeks, Link-Up charges commission of £250 (inc VAT) for properties worth less than £100,000 and £500 (inc VAT) for those worth more. As its profit is made when people sell inside the eight-week period, there is a strong incentive to match suitable buyers and sellers as quickly and accurately as possible. At present, it has around 20,000 people on its database.

Even Julian King, its director, is a little surprised by how quickly the idea has caught on. "The whole concept of Link-Up Properties arrived around the depressed market place and our aim was to inject a little bit more activity into it. When it was established, I didn't imagine it growing at the rate it has. Certainly, over the past two years we have gone from strength to strength and we are achieving a very high level of success."

National Selections, based in Ealing, west London, is the smallest of the three agencies. It charges a registration payment of £88.13 for six months. The fee covers a computer matching service but individual properties are not advertised in the press.

Director Paul Brooks believes matching services act as a useful adjunct to estate agencies by catering particularly to people who want to move long distances.

Until recently, the Property Sales Register in Cheltenham, Gloucestershire, relied solely on computer matching for results but, like Link-Up, it is now advertising properties in the national press as well. Its registration fees range from £65 for properties worth up to £60,000 to £100 for those over £120,000, but it does not charge any commission. People and properties are matched every two weeks on the database and computer print-outs are sent to clients.

Director Anthony Muir-Clark says: "During the course of a year, we have many many thousands of people going through our hands. We don't guarantee a sale, but we are able to match people up very successfully.

"We give a refund if we don't match vendors with a prospective buyer. And we reckon that we refund something less than 2 per cent."

Each agency has a broad client bank, including people looking for holiday properties, employees who must re-locate, people looking for retirement homes or moving to the UK from abroad, and investors and developers.

They try to weed out time-wasters by getting clients to complete fairly detailed questionnaires and discussing their requirements on the telephone. Laister believes this is a particularly useful function.

He advertised his Welsh cottage privately as well as registering with the agency. The response from advertising equalled the number of people sent to him by Link-Up – but many were not serious buyers.

"I must say that I had as much response from my own private advertising, so I was a bit disappointed with Link-Up. But the people Link-Up sent me were all definitely looking for the type of property I was selling, so there wasn't a question of anybody wasting anybody's time," he adds.

Muir-Clark believes the system is an attractive option in a market where profit margins are tight. "People are beginning to recognise that computer matching has a value in this situation," he says.

"For a relatively modest sum, one can add more strings to one's bow, get buyers nationally – and stand a chance of saving money as well."

■ *Link-Up Properties Nationwide, 9 Franklynn Suite, The Priory, Haywards Heath, West Sussex RH16 3LB, tel: 0144-457999; National Selections, 54-58 Uxbridge Road, Ealing, London W5 2TL; Property Sales Register, Marlborough House, Winchcombe Street, Cheltenham, Gloucestershire GL52 2NL. Tel: 0800-626056.*

Heavenly flowers to make October bright

Robin Lane Fox suggests a new approach to autumn

The past two months have been so exceptionally kind to gardens that they must make us all think again about our style.

So many of us concentrate on the year's familiar points: the daffodils in spring, the magnolias, the June rush and the cascade of roses before any surviving bedding plants take over the show. But a golden October reminds us that gardening is more than a three-month wonder.

There is something odd about one's style in late autumn and early winter. Somehow, the individual flowers seem to go together naturally; their colours are more clear and pure.

Perhaps a lack of choice concentrates the mind. There are fewer plants that produce blooms in October, but I find that they have a distinction that often disappears when the entire world of flowers is available in July.

Lack of choice first forced me to make an experiment which I now recommend to anyone. I bless the day that I ignored the experts and went over to growing schizostylis in a dry garden, which they are supposed to hate. One of their best suppliers even laughed at the idea when I proposed it at a recent flower show.

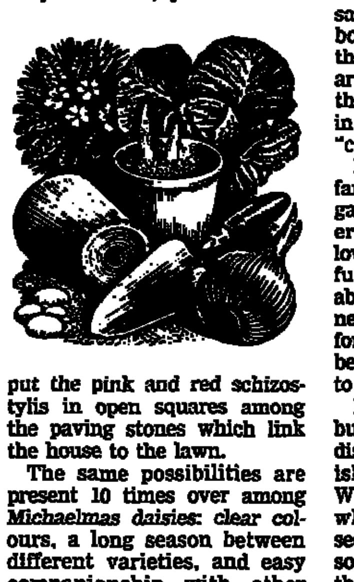
Schizostylis have pale, rushy leaves and long stems of flowers with rounded petals in pink and white, curving to a length of nearly 2ft. For three years now, they have multiplied and extended their season from August to November in my dry garden without any trouble.

In the wild, these heavenly flowers are known as Kaffir lilies. In Britain, they are much less popular than the shocking pink nerines (or Guernsey lilies), but I can pay them no higher tribute than to say they are just as good.

They seem to relish life in gaps between paving slabs where they can find a cool root. And while they seldom appear in London, they would be marvellous experiments for sunny, paved front gardens where you could take out the occasional slab, improve a square of soil and pack in a Kaffir carpet varying between pink and scarlet.

In my garden, they keep good company with a plant which would be the darling of every expert if it was not so easy and available so widely. The brilliant blue ceratostigma Willmottianum is the outstanding small shrub to a height of just over 2ft in September and October.

The flowers of this infallible Chinese shrub are a brilliant cobalt blue and, if you plant a few bushes under a sunny wall of your house, you can then



put the pink and red schizostylis in open squares among the paving stones which link the house to the lawn.

The same possibilities are present 10 times over among Michaelmas daisies: clear colours, a long season between different varieties, and easy companionship with other strong shades of yellow or white. I like the late blues such as Blue Down, the small-flowered Little Carlow and the tall Calliope amid the strong yellows and shocking pinks of autumn-flowering bulbs.

Among the bother of ordering and planting next year, many people forget they could be enjoying shocking-pink nerines and the brilliant yellow Sternbergia as bulbs in October.

Order them next spring and give them a dry, sunny place. A few bulbs soon go a long way because they are better if divided after several years: otherwise, the small, yellow Sternbergia will run to leaves rather than buds.

If these clear colours leave you short of white, head for the hardy Japanese anemones which are neglected only by unwise planters who think these plants are, somehow, too common. For big groups, I think ordinary Japanese White Alba remains the answer – the simplest and still the best. Once again, all the experts would long for it if only it was more difficult to grow.

The same sort of people seldom want to mention a chrysanthemum, for much the same reasons. Here, too, the botanists are behaving as if these fuss-pots are right and are trying to re-name chrysanthemums as dendranthemums in a spectacular fit of botanical "correctness".

I believe, however, that this family contains some excellent garden plants. The single-flowered hardy forms are often lovely if you place them carefully in borders and do not abandon them to a special corner where you will use them for nothing but picking. The best give an extra month's life to fading borders.

Everybody has a favourite but I must push my two latest discoveries, which have flourished in this singular year. Weyrichii is a low-growing, white-flowered form which seems to spread easily in a dry soil and lights up the front of the border with a last, white splash.

Among the late blue daisies, I also have a small-flowered number known as Doctor Tomm Parr, which seems to be as tough as nails and colours itself in rusty red flowers. These forms, and their hardy relations, have a clarity which is much rarer among flowers in high summer.

If you do not hide them away in beds for cutting only, you can develop a style with a new range of colours which staves off the sad moment when the garden finally heads for bed.

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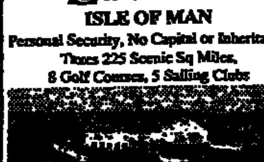

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Skiing/Arnie Wilson

Purpose-built France – or old Austria?

As Val d'Isère's "criterium de la première neige" – the annual celebration of the opening of the ski season – approaches once again, thousands of skiers have already been trying to make their time-honoured decision: will it be France or Austria this year. It is never an easy choice.

Since the Albertville Olympics of 1992, the French have made brave attempts to abandon the Gallic shrug and dress up some of their architectural mistakes in gentler cladding. But they still have not got Gemutlichkeit – the traditional mountain welcome cocktail of yodelling, accordion, tuba, schnapps and roaring fire – which is a German word much hyped in brochure copy when referring to Austrian ski resorts. It does not translate readily into French, to whom such a concept is anathema.

This may perhaps explain why British skiers can easily be divided between Austrophiles and Francophiles, and why Austria and France are neck-and-neck in popularity as destination countries of British skiers.

In a perfect world on the mountains, the ski resorts and ski lifts might be French, the villages Austrian or Swiss, the mountain restaurants Italian and the resort personnel North American.

The reality is that for "serious skiers", the French resorts are unbeatable while skiers who want the best all-round ski holiday experience might be tempted by Austria, Switzerland, the US or Canada.

French ski resorts have a number of individual characteristics: first they have the French, who are traditionally viewed as something of a mixed blessing. On the plus side they have the highest resorts, some of the most modern ski lifts, and ski-in ski-out accommodation.

Unlike the rest of Europe, France came comparatively late to skiing as a big tourist attraction, and had the benefit of being able to build such resorts as Les Arcs, La Plagne, Tignes, Avoriaz and Flaine in optimum locations for good snow and access.

But this same "purpose-built" tag was to alienate some skiers used to the quintessential picturesque Austrian village with onion-domed church and picture-postcard chalets.

Most Swiss and Austrian ski resorts were based on villages which were already well-established. In France, only the likes of Chamonix, Val d'Isère, Megève and La Clusaz fall into this category.

The other advantage of skiing in France is self-catering, little practised in the rest of the Alps. Rather than being tied to a fixed Austrian or Swiss menu, the self-catering skier can enjoy eating out one night and cooking a meal in the apartment the next. Or any combination of the two during the holiday.

Self-catering goes hand in hand with driving to the ski area, and doubtless skiers will be taking advantage of the Channel Tunnel to reach such resorts as Courchevel, Méribel, Avoriaz and Flaine with plenty of provisions on board, or stop at a hypermarket on the way there. And they can stop on the way back and collect a crate or two of wine.

Skiers with cars can also take advantage of the increasing popularity of multi-resort lift tickets, which allow you to ski, for example in Val d'Isère and Tignes and spend a day in Les Arcs or La Plagne, and another in the Trois Vallées.

Skiers who are really offended by the so-called concrete monstrosities that passed for contemporary architecture in the late 1960s will perhaps be comforted by the fact that the French realise they created some alpine carbuncles a quarter of a century ago and are trying to do something about it.

At Flaine, thought by some to be the ugliest of the purpose-built resorts, the principal development in the 1990s – Le Hameau (the Hamlet) which is still being added to – marks a return to traditional alpine architecture, with the construction of attractive Scandinavian-style chalets and apartments.

Thirty years after La Plagne's biggest eyesore Aime La Plagne was built, the resort now has mixed feelings about the architecture. (Bellecôte is no picture-postcard either). They have since compensated for it by reverting to a more neo-rustic style for some of its more recent developments. These include Belle Plagne, Plagne Soleil and Plagne Village.

In spite of these much more attractive developments, it is certainly worth visiting or even staying in the traditional villages of Champagny and Montalbert just to get a break from La Plagne's brave new world of skiing automation.

This way you can get the best of both worlds, enjoying a huge network of good skiing by day, and a pleasantly rustic retreat by night. This works well at Alpe d'Huez too, where you can retreat to Vaujany or Oz for intimate evenings, and at Les Deux Alpes, where Venosc provides a little relief from the boisterous local après-ski.

But whether you like the quiet life, the frenzied demimonde of all-night discotheques and nightclubs, or the hurly-burly of an Austrian folk evening, the basic skiing product offered by France and Austria will always be worlds apart, and probably the better for it. There will never be a Saalbach-Entre Flaine or a Chamonixental.

Perhaps this winter France may edge ahead of Austria in the popularity stakes. More likely, the Austrians will stay ahead by a yodel. The French may have the premiere neige, but they may not have the dernier mot when it comes to luring British skiers from Alpbach to Alpe d'Huez.

FT Expedition

Stormed off the mountain

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994. They are in New Zealand

October came in like a Canterbury lamb but it is going out like the All Blacks. As we prepare for the last leg of our adventure – back to the US – we have had some of the fiercest weather of the year.

At Mount Hutt, on New Zealand's South Island, we were caught in a ferocious hail storm which arrived from nowhere and closed the mountain.

Visibility was reduced to nil, ice balls blasted our faces and thunder roared above us as we tried to find our way back to the base lodge. The eight-mile drive down to the town of Methven was fraught: roads to most NZ ski fields are unpaved and have hairpin bends and sheer drops without barriers.

At Porter Heights, howling gales which peppered us with more ice balls shut the lifts one by one until the resort admitted defeat and closed.

Ohau – New Zealand's smallest commercial ski area, although claiming the country's longest T-bar – also had to close for a day or so but the owners, Mike and Louise Neilson, obligingly helped us ski with the aid of their snow cat. When that broke down, we walked up. Booked in for two nights, we stayed seven, skiing deep snow off the Ohau's challenging High Traverse when conditions allowed.

With most ski fields in NZ closing around us, Ohau, Porter Heights and Mount Hutt have all gone out of their way to keep the FT ski odyssey on track. Jenny and John Fairbrass, managers at the Alpine Lodge at Porter Heights – where we also spent seven nights instead of the two allotted – kept our morale high with piping hot meals, squeaky-clean accommodation and good conversation.

Porter Heights, the closest commercial ski field to Christchurch, the South Island's biggest town, has some of the best ungroomed terrain in the Canterbury ski fields. Big Mamma, a two-mile descent, is one of the longest and steepest off-piste runs in the country.

Arnie Wilson

Motoring

A public test of their metal

***Stuart Marshall** visits the British International Motor Show in Birmingham*

Insiders are inclined to dismiss the British International Motor Show, opening to the public today at the National Exhibition Centre near Birmingham as a re-run of the Paris Mondiale de l'Automobile (this column, October 8).

Inevitably, the Paris show up-staged the British event. All the 1995 models were there; even the UK's new Jaguar XJs and Range Rover made their world debut in Paris, not Birmingham, though Toyota thought differently and chose the UK show for the European unveiling of its Lexus LS400 and Celica Cabriolet. Which is only a reflection of how international the motor industry has become.

In fact, most of the people who will crowd into the NEC for the next eight days will almost certainly be Midlanders and northerners. Southerners prefer the London Motor Show, held at Earl's Court Arena on alternate years to Birmingham.

When the traditional annual motor show left London for Birmingham in 1978 and became biennial, the Earl's Court Motorfair was started to fill the gap. The Society of Motor Manufacturers and Traders, which has always run the "official" show, disapproved of Motorfair at first but soon adopted it.

This year, the British International Motor Show has followed a lead given by the former upstart Motorfair. For the first time in 91 years, visitors can actually buy things on the exhibition floor. No, not yet cars. But a wide range of accessories and components awaits buyers in a 55,000 sq ft retail pavilion.

The show's main value is that it gives Britons their first chance to see in the metal the cars they have so far only seen pictured. One is the light-alloy Audi A8 luxury saloon, offered as a 2.8-litre V6 with front-wheel drive, or as a 4.2-litre V8 with quattro transmission. Alfa Romeo's highly individual 145 hatchback is also there, although, sadly, not the toothsome new Spider.

Main interest on the BMW stand centres on the 3-Series Compact, due to sell from £13,350 and set to take BMW into Ford Escort, VW Golf, Vauxhall Astra and Honda Civic territory. At the other extreme is the marque's flagship – the 5-litre, V12-engined, long-wheelbase version of the new 7-Series.

Citroën's Xantia-based Xanae concept car and the Ludo, Renault's idea of a town car for the young and active, should not be missed. The Ludo has sliding doors and runs on liquid petroleum gas (LPG). Renault says it approaches the environmental cleanliness of an electric vehicle but can be refuelled in a couple of minutes and has a range of 250 miles (400kms). The Ludo's automatic clutch will, incidentally, soon be available on the Clio.

The multi-purpose vehicle (MPV) developed by PSA (Peugeot Citroën Group) and Fiat can be seen on all three companies' stands.

Ford's Galaxy MPV – another joint effort, this time with Volkswagen – also threatens to end the Renault Espace's long domination of the European MPV market.

For buyers who stick firmly to the tarmac, part of the attraction of on/off-road 4x4 vehicles – like Land Rover's Discovery – is their elevated (Land Rover calls it "command") driving position. Thus, their makers and importers will be watching keenly the market performance of the new breed of European MPVs – which also have high-up driving positions, plus lots of interior space and generally car-like ride and handling.

For the time being, though, sales of the 4x4s are standing up well, even if prices for the poshest ones approach stratospheric levels.

Interestingly, Mitsubishi's stand at Birmingham features a 2.9-litre, turbo-diesel version of the five-door Shogun, due in the UK early next year at about £22,500. It is equipped less elaborately than the original but looks more elegant.

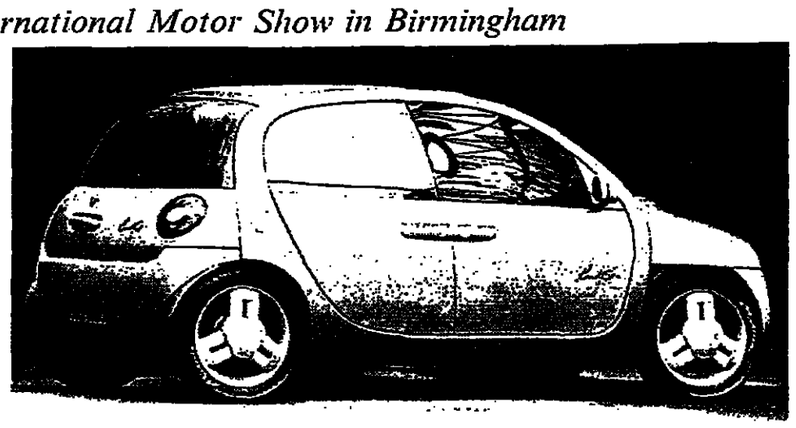
Two other 4x4s are well worth looking at. They are a prototype of a much better-looking, more powerful and easier to load Lada Niva Cossack, due to go on sale next year; and the quaintly-named but most attractive Ssangyong Musso. This rugged, four-wheel drive, five-door estate from Korea has a Mercedes-Benz five-cylinder diesel and will be on sale in Subaru and Isuzu dealerships in the spring. Prices are likely to be from £16,000 to £21,000.

If you fancy an affordable sports car, do not miss the Vauxhall Tigra and the eye-catching new Fiat Coupé. UK sales of the Tigra – with which I shall be dealing more fully next week – are less than a month away. The Fiat's British launch is not until next year but, if the Coupé is as well built and competitively priced as the Punto, it could be worth waiting for.

Much further off is the market launch of Mercedes-Benz's small SLK sports car, being shown at Birmingham as a concept. It has a steel top that power-folds into the body.

■ *The show is open to the public from today until Sunday, October 30, from 9.30am until 7pm (5.30pm on the final day). Admission is £8 (children and senior citizens £4); the NEC charges £5 for parking. The organisers recommend travelling by train to Birmingham International, which is in the middle of the exhibition complex. Combined rail and motor show tickets are available from most stations.*

The Ford-Volkswagon Galaxy could challenge the Espace's domination of the multi-purpose vehicle market



The Ludo, Renault's city car for the young, features sliding doors and runs on environmentally-friendly LPG

Football/**Peter Aspden**

Clouds drift across the Italian game

When Italian football first became available to British television viewers, it was like a breath of fresh air sweeping through the rancid mediocrity of Britain's domestic game.

Here was glamour, technical virtuosity, passion without violence, and the pick of the world's finest players strutting in front of capacity crowds in magnificent stadiums. Oh, and the sun always shone.

It might be something of an exaggeration to say that the positions of these two giant footballing nations have reversed, but not much.

Today, it is considerably more difficult to get a ticket to watch Newcastle United than Inter Milan, one is more likely to be stoned or bottled inside an Italian ground than virtually any other in Europe and, if you were manager of a World XI about to face Mars, Alan Shearer and Andy Cole would figure more prominently in your thoughts as a twin spearhead attack than Gigi Casiraghi and Daniele Massaro.

These are troubled times for the Italian football establishment. Last Sunday, three of the traditionally dominant powers in the game, Inter Milan, AC Milan and Juventus, all lost, the first time this had happened for no less than 28 years.

None of them looks like being a main contender in this year's championship, although Fabio Capello's AC Milan cannot be discounted so soon after their stunning 4-0 victory over Barcelona in last year's European Cup final.

With Roma topping the table, and Parma, Lazio and Foggia snapping at their heels, a new order is threatening to take over, prompting the inevitable question: are standards levelling upwards or downwards?

A look at the fortunes of Arrigo Sacchi's national side provides telling evidence of the latter view.

It may seem strange that a side that managed to reach the World Cup final and only lost on penalties to the best footballing nation on earth should, just a few months later, be in the throes of a crisis; but the cries for Sacchi's removal are getting ever stronger, and his plea for patience, after three years at the helm, is beginning to look a little desperate.

A fortunate draw against Slovenia, followed by a none-too-convincing victory over Estonia, was not the ideal start to Italy's campaign to qualify for the 1996 European Championship in England; and next month Sacchi's side faces a confident Croatian team which can call on Lazio's in-form Alen Boksic and AC Milan's Zvonimir Boban for inspiration.

In truth, Italy's World Cup adventure, which relied entirely on Roberto Baggio's flashes of brilliance and some very stubborn defending, hugely flattered the quality of their football.

Where was the class and creativity in midfield for which the great Italian sides were famous?

Nicola Berti, Dino Baggio and Demetrio Albertini, all fine box-to-box foragers, would not have looked out of place in a Graham Taylor side, while the two most exciting members of Sacchi's squad, Gianfranco Zola and Beppe Signori, were unable to win regular places in his line-up.

That they are still not automatic selections is an illustration of Sacchi's confused tactical thinking, as is his persistence with the ponderous Casiraghi, who has been warming the bench at Lazio for most of the last year.

It is hard to imagine him even being considered for a place in England's current squad, such is the embarrassment of riches available to Terry Venables in attack.

As for Roberto Baggio, a moody and sensitive player at the best of times, he is still struggling to shake off the niggling injuries which were so apparent in his remarkable performances in the US.

His cause is hardly being advanced by playing for a stale Juventus side which has plumbed new depths of tedium in its opening to the season.

Alongside Baggio is Gianluca Vialli, who might be said to be the living metaphor of the torpor afflicting the nation's football.

Once the golden boy of Sampdoria and the effervescent national side assembled so skilfully by Azeglio Vicini, Vialli, slowed by injuries and painfully lacking in self-confidence, is beginning to wear the haunted look of one who knows his best days are long past.

He has once more shaved his head in a vain effort to induce an illusion of sleekness, but he looks – and occasionally plays – more like Marlon Brando's renegade Colonel Kurtz at the end of *Apocalypse Now*.

The sight of Vialli and his even more statuesque team-mate, Fabrizio Ravanelli, labouring up front for this most famous of teams in world football, before a half-full Stadio delle Alpi on a foggy, Turinese afternoon is not what we have come to expect at all.

Who will bring the sunshine back to Italian football?

Roberto Baggio's struggle to regain form after the World Cup mirrors the Serie A malaise — Allsport

Tennis/**John Barrett**

Born to be partners

A spirited win in this week's Marlboro Championships in Hong Kong by Byron and Wayne Black over world No 1 Pete Sampras and fellow American Todd Martin, ranked nine, took me back to a day in the mid-1950s.

The Black brothers' father, Rhodesia's leading Davis Cup player Don Black, had put up with my inadequacies as a partner on the day in question to steer us to victory in the British Covered Court Championships at Queen's Club.

They were carefree days as we made our impecunious way around the world following the sun. Then, after getting the wanderlust out of our systems, and accepting that we would never win Wimbledon, we returned to the real world to make our livings and raise our families.

Don Black went home to Rhodesia and shrewdly invested his modest savings in a piece of rich farmland in Mandara, 10 miles from the centre of Salisbury.

He built a couple of grass tennis courts so that he could maintain his links with the game as captain of the Rhodesian Davis Cup team.

In 1965 Don married Velia Williams, from South Africa, whom he had met at a party after she returned from a short spell as a dancer on the London stage.

Byron was born in 1969, Wayne four years later, and both boys inherited their parents' athleticism. Almost before they could walk Don had put short, sawn-off rackets into their hands and they virtually grew up on the tennis court.

On November 11 1965, a few months after Don and Velia's marriage, prime minister Ian Smith declared UDI and gradually the sanctions that were imposed began to bite.

Velia said: "Our business was ruined. Don had to turn to coaching to make ends meet. It was a nightmare. Then came war with all its hardships."

After Robert Mugabe became prime minister of the new Zimbabwe in 1980, Don built three more grass courts, plus a hard court, and developed his coaching business.

Meanwhile, Byron's career was taking off. He was considered the best junior in Zimbabwe with an unusual double-handed style on both wings. "It was just natural. Dad never tried to change me, he just motivated and encouraged me," he said.

At 15, Byron won the All Africa Championships in the Cote d'Ivoire. This earned him a place on one of the new squads for promising juniors set up by the International Tennis Federation with help from the Grand Slam Development Fund, which is financed by a $2m annual contribution made by the Compaq Grand Slam Cup.

Wayne and his 15-year-old sister Cara, have enjoyed help from this scheme.

Byron's French Open doubles victory this year with American Jonathan Stark has lifted him to a world doubles ranking of No 4. "It was a tremendous thrill, second only to my win over Ivan Lendl at Queen's last year. That showed me that I could live with these guys."

For Don and Velia their proudest moment was in 1986 when Byron, aged 17, had beat the experienced Nigerian Tour player, N'duka Odizor, in a Davis Cup tie in Harare. The crowd went wild and before the Nigerian team departed its manager, Jacob Akendele, left an envelope for Byron with instructions for it not to be opened until they had left.

Inside were a few hundred dollars and a note which said: "There are only three great players in the world – Borg, Becker and Black. This is to help you buy your first stringing machine. Good luck."

Byron and Wayne have avoided injury and since 1993 have formed the Zimbabwean Davis Cup team, something few brothers have achieved: David and John Lloyd were members of the UK team that reached the final in 1978, while Vijay and Anand Amritraj did the same for India in 1987.

But only one pair of siblings has appeared in winning Davis Cup teams – the Doherty brothers, Reggie and Laurie, who achieved four successes for the UK between 1903 and 1906.

The dream for Don and Velia Black is that, one day, their boys might become the second.

The Howe memoirs

Continued from Page I

when he was dismissed as Foreign secretary in July 1989, in the reshuffle that followed Geoffrey's and my joint *démarche* on the eve of the Madrid EC summit. The draft resignation letter he then wrote, published in this book, gave as his reason for resigning partly the prime minister's "lack of confidence in our continuing partnership" (particularly over Europe) and partly (shades of the earlier Heseltine resignation) "my own developing anxiety at the way in which decisions are taken in the government."

Thereafter, he continued to brood about resignation, particularly after my resignation in October that year. But still, he would stillnot, I believe, have taken that fateful step, which was to prove the final nail in Thatcher's political coffin, had she not persisted in behaving with reckless disregard for his position and opinions.

When Howe did eventually resign, there was initially some dispute as to what the issue between him and Thatcher really was. This uncertainty can be attributed largely to the lack of frankness in the treatment of the European issue in their exchange of letters.

When Geoffrey wrote in his formal letter of resignation that "I am not a Euro-idealist or federalist", he may or may not have portrayed his true position. When she replied that: "We want to play a leading part in Europe and to be part of the further political, economic and monetary development of the European Community. We have always been the party of Europe, and will continue to be so," she was certainly not portraying hers. In retrospect, it might have been better if their differences on the issue of Europe had been properly thrashed out within the government.

The question, essentially, is whether, as the great bulk of the Conservative Party and indeed the people of this country would hope, there is a viable and attainable constitution of Europe that falls short of full federal union – and, if so, how best to achieve it. That has always been the question. I remember having a heated argument with Hugh Gaitskell, not long before his death in 1963, in which he defended his vehement opposition, as leader of the Labour Party, to Britain's membership of what was then known as the Common Market, on the grounds that there was no conceivable half-way house.

There is no doubt that any British government has an excruciatingly difficult hand to play. But the present prime minister could have made his task significantly less difficult if he had taken two complementary initiatives.

The first is to undertake that, if in the future (and it clearly could not in practice come during the lifetime of the present Parliament), the government were to conclude that the pound sterling should be abandoned in favour of a single European currency, the question would be so momentous that it would first be put to the nation in a referendum.

The second initiative would be to support the growing interest, especially in Germany, for the adoption of a formal written constitution for what is now the European Union. This should state clearly which powers are reserved for the union, with everything else remaining with the still sovereign member states. Since part of the essence of a constitution is that it must be very difficult indeed to change, this should help end the fear that we are on an unstoppable federal centralising) express.

Perhaps it is still just not too late for those two commonsense moves to be taken.

If I have one regret about this important book, it applies equally to Thatcher's own memoirs. It is sad that most political careers end in disappointment, or worse, however great the preceding achievement may have been; and memoirs written (as they must be) at the end tend to be excessively coloured by that disappointment – as indeed the very title of this book bears witness.

Yet the truth is that the Thatcher era, in which Howe played a crucial role, was a remarkable decade: an age of reform, an age of optimism, and an age of achievement. If there has been a fundamental change for the better in the centre of gravity of politics in Britain, and the election of Tony Blair as Leader of the Labour party suggests that there may have been, it is the *decisive break that was made* in 1979, and pursued with unflagging resolution and remarkable success throughout the 1980s, that has brought it about.

■ *Nigel Lawson's own memoirs,* The View from No 11 – Memoirs of a Tory Radical, *are published by Corgi Books at £9.99.*

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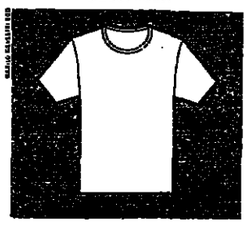

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TELEVISION

SATURDAY

BBC1

7.00 Lassie. 7.25 News. 7.30 Pingu. 7.35 Happy Birthday. 7.45 Marlene Marlowe Investigates. 8.05 Albert the Fifth Musketeer. 8.30 The New Adventures of Superman. 9.15 Live and Kicking.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football Focus. Review of the week's European cup competitions. 1.00 News. 1.05 Rugby League. 1.15 Racing from Newbury: The 1.20 Breeders Cup Gala Evening Rated Stakes. 1.30 Snooker: Skoda Grand Prix. The second semi-final from Derby. 1.45 Racing: The 1.50 Newgate Stud Radley Stakes. 2.00 Rugby League. 2.15 Racing: The 2.20 Castrol St Simon Stakes. 2.30 Rugby League: Great Britain v Australia. Live coverage of the First Test from Wembley Stadium, as Ellery Hanley's team takes on the world champions. 4.40 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 Steve Wright's People Show.
6.10 *Bruce Forsyth's Generation Game.* Bruce Forsyth and Rosemarie Ford host the family game show, helping more contestants reach the prize-laden conveyor belt.
7.10 Noel's House Party. New series. Noel Edmonds returns with a feast of fun, comedy and entertainment, featuring special guests Roger Moore and Allan Lamb.
8.00 Casualty. A young man's loyalties are tested when a long-standing feud erupts into violence. Mike and Rachel's professional relationship improves after an emergency helicopter ride to the scene of a shooting. Adam requests a personal favour from Ash, and Eddie agonises over breaking bad news to Holby's longest-standing staff member.
8.50 News and Sport; Weather.
9.10 Film: Regarding Henry. Premiere. Harrison Ford plays an unscrupulous lawyer forced to start a new life after a shooting incident leaves him brain-damaged. Drama, with Annette Bening (1991).
10.55 Match of the Day. Desmond Lynam and the team analyse highlights of two top matches in the FA Premiership. Plus goals from the day's other games.
11.55 The Danny Baker Show.
12.40 Film: Hearts of Fire. Contemporary musical drama charting the rise of an aspiring rock 'n' roll singer (Fiona Flanagan). With Bob Dylan and Rupert Everett (1987).
1.10 (GMT) Weather.
1.15 Close.

BBC2

8.05 Open University. 10.00 Chanakya. (English subtitles). 10.40 Network East. 11.10 Style Today. 11.50 Film 94 with Barry Norman.

12.20 Film: Confidential Report. A wealthy financier with no recollection of the past hires an American adventurer to help bring back his memory. Thriller, starring Orson Welles (1955).
1.55 The Sky at Night.
2.15 Timewatch. Report on cold war reconnaissance flights over the Soviet Union, which resulted in the loss of 40 Allied aircraft and 250 crew.
3.05 Heroes of the Earth. How everyday people are helping combat such global problems as pollution.
3.45 Brighton International Tennis Tournament. Sue Barker introduces coverage of semi-final day from the Brighton Centre.
4.30 Snooker: Skoda Grand Prix. Key frames from the afternoon session of the second semi-final in Derby.
6.00 TOTP2.
6.45 What the Papers Say.
7.00 News and Sport; Weather.
7.15 Assignment. Report on how organised crime is increasingly infiltrating business and politics in France, a trend highlighted by the murder of French MP Yann Piat earlier this year.
8.00 The Shakespeare Laboratory. Controversial American director Peter Sellers' version of The Merchant of Venice, which switches the action from Renaissance Italy to post-riot Los Angeles.
9.00 Will's World. Why the Elizabethans were fashion slaves, revealing the strict codes of practice which forced people to dress according to social status.
9.10 Knowing Me, Knowing You – with Alan Partridge.
9.40 *Elizabeth R.* *Final part of the award-winning drama, starring Glenda Jackson.*
11.00 The Last Word. New series. Debate from a female perspective, chaired by Germaine Greer, who is joined by regular guests Janet Street-Porter, Anne Leslie and Suzanne Moore.
11.45 Snooker: *Skoda Grand Prix.* The closing frames of the second semi-final in Derby.
12.45 Golf: The Solheim Cup. Second-day highlights from The Greenbrier, West Virginia.
1.45 Fast Forward.
1.15 (GMT) Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30pm The Littlest Hobo.

1.00 ITN News; Weather.
1.05 *London Today; Weather.*
1.10 Movies, Games and Videos. Reviews of new comedy Airheads, starring Brendan Fraser, and legal drama The Client, which teams Susan Sarandon with Tommy Lee Jones.
1.40 WCW Worldwide Wrestling.
2.30 Saint's Soccer Skills. West Ham footballer Tony Cottee and Spurs star Jurgen Klinsmann pass on tricks of the trade.
2.50 Life Goes On.
3.45 Burke's Law.
4.45 ITN News and Results; Weather.
5.05 London Tonight and Sport; Weather.
5.20 Baywatch. Part two. Hobie, Riley and Jackie fight for their lives following the earthquake, while Matt and Mitch set up a daring rescue operation. David Hasselhoff stars.
6.10 Gladiators.
7.10 Blind Date.
8.10 Family Fortunes. The Jaggers from Essex try to outdo the Foster family from Scunthorpe, hoping to bag the £3,000 jackpot and a luxury saloon car.
8.40 ITN News; Weather.
8.55 London Weather.
9.00 *An Audience with Jimmy Tarbuck.* The Liverpudlian comedian entertains an audience of showbiz peers with comic anecdotes about his life and career, and a rare musical session alongside Hank Marvin.
10.00 Film: Silence of the Lambs. Premiere. Oscar-winning thriller, starring Jodie Foster as an FBI agent who enlists the help of an imprisoned psychopath (Anthony Hopkins) to track down a brutal serial killer (1990).
12.15 Film: The California Kid. A sheriff with a habit of murdering speeding motorists is forced into a car duel with the brother of one of his victims. Thriller, with Martin Sheen (TVM 1974).
1.35 Love and War; ITN News Headlines.
1.05 (GMT) The Best of The Restaurant Show.
2.05 Tour of Duty.
3.00 The Big E; ITN News Headlines.
3.55 European Nine-Ball Pool Masters.
4.55 BPM.

CHANNEL4

5.05 4-Tel On View. 6.35 Early Morning. 9.45 Blitz. 11.00 Gazzetta Football Italia. 12.00 Sign On: Deaf World. 12.30pm The Great Maratha. (English subtitles).

1.00 Film: Showboat. Musical charting the lives and loves of performers on a Mississippi paddle-steamer. Kathryn Grayson, Ava Gardner and Howard Keel star (1951).
3.00 Racing from Doncaster. Coverage of the 3.10 Levy Board Nursery Handicap, 3.40 Racing Post Trophy, 4.15 Doncaster Stakes, and the 4.45 Ladbroke Handicap Stakes.
5.05 Brookside.
6.30 Right to Reply. Roger Bolton presents viewers' opinions about TV.
7.00 A Week in Politics. New series. Informed look at the current political climate in Britain as the parties return to Westminster after their annual conferences. With Vincent Hanna and Andrew Rawnsley.
8.00 For Love or Money. Nicholas Ward-Jackson reports on the controversial Getty Museum, the world's wealthiest art institution, which recently hit the headlines when it attempted to purchase The Three Graces statue. Plus, a preview of the biggest sculpture sale in years and a celebration of magic lanterns and other forerunners of the cinema.
9.00 Brides of Christ. The arrival of a male convert causes a few starry-eyed glances among the sisters.
10.05 Rory Bremner: Who Else? Satirical comedy and impersonations.
10.45 Film: The Voyage. Argentine drama charting a man's surreal journey across Latin America in search of his father. Directed by Fernando Solanas and starring Walter Quiroz, Soledad Alfaro, Ricardo Bertis and Christina Becerra. Part of the Cinema Cinema season (1991). (English subtitles).
1.10 Late Licence.
1.20 Herman's Head.
1.55 Let the Blood Run Free.
1.25 (GMT) Wax on Wheels.
2.10 This is David Harper.
2.45 Packing Them In.
3.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Movies, Games and Videos. 1.05 Anglia News. 1.10 Nigel Mansell's IndyCar '94. 1.40 Robbery. (1967) 3.45 Knight Rider. 5.05 Anglia News and Sport 8.55 Anglia Weather.
BORDER:
12.30 Movies, Games and Videos. 1.05 Border News. 1.10 Nigel Mansell's IndyCar '94. 1.40 Superstars of Wrestling. 2.25 The A-Team. 3.20 Cover Girls. (TVM 1977) 5.05 Border News and Weather 5.15 Border Sports Results.
CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 Tip Top TV. 1.40 Movies, Games and Videos. 2.10 The Fall Guy. 3.10 SeaQuest DSV. 4.05 WCW Worldwide Wrestling. 5.05 Central News 5.10 The Central Match - Goals Extra. 8.55 Local Weather.
CHANNEL:
11.30 COPS. 12.00 The ITV Chart Show. 1.05 Channel Diary. 1.10 Yesterday's Heroes. 1.40 Sail the World. 2.10 Hercules in New York. (1970) 3.50 Knight Rider. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Cartoon Time.
GRAMPIAN:
12.30 Spom. 1.05 Grampian Headlines. 1.10 Telefios. 1.40 Eileanan Iomallach. 2.10 Donnie Murdo. 2.35 Rocksport. 2.55 Yesterday's Heroes. 3.25 Nigel Mansell's IndyCar '94. 3.55 Superstars of Wrestling. 5.05 Grampian Headlines. 5.10 Grampian News Review. 5.18 Police News. 8.59 Grampian Weather.
GRANADA:
12.30 Movies, Games and Videos. 1.05 Granada News 1.10 Nigel Mansell's IndyCar '94. 1.40 Superstars of Wrestling. 2.25 The A-Team. 3.20 Cover Girls. (TVM 1977) 5.00 Granada News 5.05 Granada Goals Extra.
HTV:
12.30 The Munsters Today. 1.05 HTV News. 1.10 Best of British Motor Sport. 1.40 Nigel Mansell's IndyCar '94. 2.10 Cartoon Time. 2.20 Movies, Games and Videos. 2.50 The A-Team. 3.45 Knight Rider. 5.05 HTV News and Sport 8.55 HTV Weather.
HTV Wales as HTV except:
12.30 The Gen.
MERIDIAN:
11.30 COPS. 12.00 The ITV Chart Show. 1.05 Meridian News. 1.10 Yesterday's Heroes. 1.40 Sail the World. 2.10 Hercules in New York. (1970) 3.50 Knight Rider. 5.05 Meridian News. 5.15 Cartoon Time.
SCOTTISH:
12.30 Extra Time. 1.05 Scotland Today. 1.10 Faith, Hope and Calamity. 1.40 Telefios. 2.10 Freeze Frame. (1989) 3.40 Sons and Daughters. 4.10 Take Your Pick. 4.40 Cartoon Time. 5.05 Scotland Today 8.55 Scottish Weather.
TYNE TEES:
12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.10 The Fall Guy. 2.05 Two and Two Make Six. (1961) 3.45 Knight Rider. 5.05 Tyne Tees Saturday
WESTCOUNTRY:
12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.10 Nigel Mansell's IndyCar '94. 1.40 Guns of the Timberland. (1960) 3.30 Cartoon Time. 3.45 Dinosaurs. 4.15 The Mountain Bike Show. 5.05 Westcountry News 8.55 Westcountry Weather.
YORKSHIRE:
12.30 Movies, Games and Videos. 1.05 Calendar News. 1.10 The Fall Guy. 2.05 Two and Two Make Six. (1961) 3.45 Knight Rider. 5.05 Calendar News. 5.10 Scoreline.

SUNDAY

BBC1

7.25 The Man from U.N.C.L.E. 8.15 Breakfast with Frost. 9.15 Decisions. 9.30 This is the Day. 10.00 See Hear! 10.30 French Experience. 10.45 Easy Money. 11.00 The 11th Hour.

12.00 CountryFile.
12.25 Weather for the Week Ahead; News.
12.30 On the Record.
1.30 EastEnders.
2.50 The Story of Snow White. The history of the classic Disney animation, which was finally released this week on video.
3.20 Junior Masterchef. Shaun Hill and Kika Miryless judge the culinary efforts of contestants from East Sussex, Bushey and High Wycombe in the first semi-final.
3.50 The Queen in Russia. Coverage of this week's historic visit, the first time a reigning British monarch has set foot on Russian soil.
4.35 Motor Show 94. Coverage from the National Exhibition Centre in Birmingham, featuring the new Aston Martin DB7 and Caterham C21.
5.25 The Clothes Show. Reviews of some of Europe's top catwalk shows, including British Designer of the Year John Galliano's in Paris.
6.05 News.
6.25 Songs of Praise.
7.00 Children in Need: The Recipe for Success. Jane Asher examines how the charity is organised.
7.10 Lovejoy. The antiques dealer competes with his old mentor to get hold of a priceless 16th century Samurai sword stolen from a ruthless businessman's house.
8.00 Last of the Summer Wine.
8.30 Birds of a Feather.
9.00 Seaforth. Bob disappears in pursuit of an escaped German officer, and is reported killed in action after a decomposing body is found wearing his uniform.
9.50 News and Weather.
10.05 Wax Meets Madonna.
10.35 *Heart of the Matter.* *Investigation* into whether the Church's views on homosexuality and adultery should be rethought.
11.10 International Dancing.
11.50 The Deliberate Stranger. First of a two-part true-life drama based on the manhunt for Ted Bundy, one of America's most notorious serial killers. Mark Harmon stars.
1.20 Weather.
1.25 Close.

BBC2

7.30 Tales of the Tooth Fairies. 7.35 Bump. 7.40 Animal World. 7.50 Blinky Bill. 8.15 Playdays. 8.35 Moomin. 9.00 The Busy World of Richard Scarry. 9.25 Blitsa. 9.40 Conan the Adventurer. 10.05 Time-Busters. 10.30 Grange Hill. 10.55 The Legend of Prince Valiant. 11.20 Bay City. 11.45 The O Zone. 12.00 Quantum Leap. 12.45pm Snowy River: The McGregor Saga.

1.30 Around Westminster.
2.00 Sunday Grandstand. Introduced by Sue Barker. Snooker: The opening frames of the Skoda Grand Prix Final from Derby. Women's Tennis: The final of the Brighton International. Subsequent programmes may run late.
5.15 Rugby Special. Highlights of Bath v Leicester from the Recreation Ground, the clash between newly promoted Sale and West Hartlepool, and Cardiff v South Africa at the Arms Park.
6.15 One Man and His Dog. Alasdair MacRae takes on Simon Mosse in the singles, while Derek Scrimgeour competes against John Griffith in the brace section of the first semi-final.
7.00 The Money Programme. America's multi-billion dollar cigarette industry is coming under increasing fire as its products are banned from more and more public places. Steve Annett investigates whether the tobacco giants, already mired in a damaging price war, will be able to overcome these threats to their profitability.
7.40 The Car's the Star. Quentin Willson goes for a spin in the Citroen DS, which swept the French off their feet when it was introduced in 1955, and continues to enjoy immense popularity on both sides of the Channel.
8.00 Battle of Wills. Light-hearted overview of the long-running debate about who really wrote Shakespeare's plays. Part of the Bard on the Box season.
8.50 Strings, Bows and Bellows. Percussion group British Ensemble Bash performs American composer John Cage's Third Construction.
9.00 Monty Python's Flying Circus.
9.30 Snooker and International Golf. Snooker: The final frames of this year's Skoda Grand Prix. Golf: The Solheim Cup – highlights of the 10 final-day singles on the Greenbrier Championship course in West Virginia.
12.30 Film: Violence: The Last Resort. Award-winning German drama, starring Jurgen Vogel (1993). (English subtitles).
2.00 Close.

LWT

6.00 GMTV. 8.00 The Disney Club. 10.15 Link. 10.30 Sunday Matters. 11.00 Morning Worship. 12.00 Sunday Matters. 12.30pm Crosstalk; London Weather.

1.00 ITN News; Weather.
1.10 Walden. Shadow Cabinet member David Blunkett discusses what he thinks should replace Clause 4 of *Labour's constitution.*
2.00 COPS.
2.25 Saint's Soccer Skills. Ian St John and guests Tony Cottee and Jurgen Klinsmann present soccer tips for youngsters.
2.40 Sunday Match. Portsmouth v Middlesbrough. Jim Rosenthal presents full coverage of the First Division match from Fratton Park.
5.15 Father Dowling Investigates. The religious sleuth gets caught up in a top security investigation when a member of his parish is accused of stealing confidential documents.
6.10 London Tonight; Weather.
6.30 ITN News; Weather.
6.40 Schofield's Quest. Phillip and his team of ace investigators explore Britain's most haunted village and investigate pollution on English beaches.
7.30 Heartbeat. Nick and Kate investigate a suspicious death at a hunt meeting, while Greengrass is drawn into the murky world of cock fighting. Nick Berry stars.
8.30 You've Been Framed!
9.00 London's Burning. Blue Watch makes use of Hallam's specialised training to tackle a blaze aboard the Woolwich Ferry, while Kevin and Sally's relationship reaches crisis point.
10.00 Hale and Pace.
10.30 ITN News; Weather.
10.40 London Weather.
10.45 The South Bank Show. Tribute to pianist George Shearing, who was born blind but overcame his disability to become one of the world's greatest jazz artists. With contributions from Cleo Laine, Johnny Dankworth and Stephane Grappelli.
11.45 *You're Booked!* *Book reviews and gossip, presented by James Whale and Eve Pollard.*
12.15 Cue the Music.
1.15 Married – With Children.
1.45 Get Stuffed; ITN News Headlines.
1.50 Film: Country Gold. Drama, with Loni Anderson (TVM 1982).
3.35 Get Stuffed; ITN News Headlines.
3.40 Film: First Steps. True-life drama, starring Judd Hirsch (TVM 1985).
5.25 Get Stuffed.

CHANNEL4

6.00 Blitz. 7.10 Early Morning. 10.00 Dennis. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie. 12.45 pm The Humble Bee.

1.15 Football Italia. Reigning champions AC Milan take on Sampdoria in a top Serie A clash.
3.30 Film: Dentist on the Job. Two newly qualified dentists unwittingly get involved in the invention and promotion of a new toothpaste. British farce, starring Bob Monkhouse (1961).
5.10 Belfast Lessons. Final compilation of reports from Hazelwood College.
5.20 Film: Battle for the Planet of the Apes. Intelligent chimps, warlike gorillas and human mutants struggle for control of a post-apocalyptic Earth. SF adventure, starring Roddy McDowall (1973).
7.00 Equinox. Insight into the lives of sailors, Marines and pilots serving on board aircraft carrier USS Theodore Roosevelt. The film follows the ship into the Red Sea as it supports the US attacks on Baghdad, then sails with it through the Suez Canal and across the Mediterranean, where the air crews fly combat patrols over Bosnia.
8.00 Beyond the Clouds. Teacher Lu returns to find his students have failed their exams and immediately sets about knocking them back into shape. (English subtitles).
9.00 Film: Hollywood Cowboy. Affectionate portrait of 1930s movie-making, starring Jeff Bridges as an aspiring Western writer who becomes a stunt man with a low-budget film company (1975).
10.55 Lovers on Trial. The story of Marie-Louise Gosset's ill-fated affair with Christian Fernandez, which ended with them standing trial for *the murder of her common-law husband.*
12.40 Film: A Song for Beko. Drama chronicling a young man's desperate search for his brother during the closing stages of the Iran-Iraq war. Nizamettin Aric stars (1992). (English subtitles).
2.30 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Bodyworks. 12.55 Anglia News. 2.00 Father Dowling Investigates. 2.55 Kick-Off! 3.45 Cartoon Time. 4.00 The Quest. (1976) 5.45 Heirloom. 6.15 Anglia News on Sunday 10.40 Anglia Weather. 11.45 Street Legal.
BORDER:
12.30 Gardeners' Diary. 12.55 Border News. 2.00 *Scotsport.* 3.15 *Hot Wheels.* 3.45 *The Amazing Mr Blunden.* (1972) 5.35 Coronation Street. 6.25 Border News. 11.45 Prisoner: Cell Block H.
CENTRAL:
12.30 Central Newsweek. 12.55 Central News 2.00 Xpress. 2.30 The Central Match - Live. 4.55 Gardening Time. 5.20 It's Your Shout. 5.55 Hit the Town. 6.25 Central News 10.40 Central Weather. 11.45 Prisoner: Cell Block H.
CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Téléjornal. 2.00 Cartoon Time. 2.10 The Pier. 2.35 The Listings. 2.40 The Meridian Match - Live. 5.25 Dinosaurs. 5.55 The Village. 6.25 Channel News. 11.45 The Pier.
GRAMPIAN:
11.00 Sunday Service. 11.45 Eikon. 12.30 Gardeners' Diary. 12.55 Grampian Headlines. 2.00 Scotsport. 3.15 The Mountain Bike Show. 3.45 Highway to Heaven. 4.40 The River. 4.55 Pick a Number. 5.25 Movies, Games and Videos. 5.55 The Business Game. 6.25 Grampian Headlines. 6.35 Grampian Weather. 10.40 Grampian Weather. 11.45 Prisoner: Cell Block H.
GRANADA:
12.25 Close to the Edge. 12.55 Granada News 2.00 Hot Wheels. 2.30 The Long Ships. (1964) 4.50 Bugs Bunny. 5.00 Disney's The Lion King Film Premiere. 5.30 Coronation Street. 6.25 Granada News 11.45 Prisoner: Cell Block H.
HTV:
12.25 The Wrap. 12.55 HTV News. 2.00 Limited Edition. 2.30 Midweek. 3.00 The West Match. 3.30 The Great Balloon Adventure. (1978) 5.10 Cartoon Time. 5.25 Country Watch. 5.55 Up Front! 6.25 HTV News. 10.40 HTV Weather.
MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 2.00 Cartoon Time. 2.10 The Pier. 2.35 The Listings. 2.40 The Meridian Match - Live. 5.25 Dinosaurs. 5.55 The Village. 6.25 Meridian News. 11.45 The Pier.
SCOTTISH:
11.00 Sunday Service. 11.45 Eikon. 12.30 Scotland Today. 12.35 Skoosh. 2.00 Scotsport. 3.15 The Living Daylights. (1987) 5.30 Knight Rider. 6.25 Scotland Today 10.40 Scottish Weather. 10.45 Don't Look Down. 11.30 The South Bank Show.
TYNE TEES:
12.25 Newsweek. 12.55 Tyne Tees News. 2.00 The Munsters Today. 2.30 Tyne Tees Match - Live. 5.05 Dinosaurs. 5.30 Animal Country. 6.00 Tyne Tees Weekend. 11.45 The Powers That Be.
WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Hot Wheels. 2.30 Vet. 3.00 The Amazing Captain Nemo. (1978) 4.50 Westcountry Cameos. 5.00 Blooming Marvellous. 5.30 Father Dowling Investigates. 6.25 Westcountry News 10.40 Westcountry Weather. 11.45 Prisoner: Cell Block H.
YORKSHIRE:
12.25 Kick About. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 The Swiss Family Robinson. (1960) 5.05 Dinosaurs. 5.30 Animal Country. 6.00 Calendar News and Weather 10.40 Local Weather. 11.45 The Powers That Be.

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 The News Huddlines. 2.00 Martin Kelner on Saturday. 4.00 Nick Barraclough. 5.00 Going Back - The Dusty Springfield Story. 6.00 Cannon and Ball's Gospel Show. 7.00 The Golden Days of Radio. 7.30 Finlan's Rainbow. 10.00 Sheridan. Morley. 12.05 Ronnie Hilton. 12.35 Adrian Finighan. 3.00 (GMT) Sujata Barot.

BBC RADIO 3
6.20 Open University: VIPs. 6.55 Weather. 7.00 Record Review Augusta Holmes, Mozart, Alfven, Palestrina, Saint-Saens. 9.00 Building a Library. Bach's Four Orchestral Suites, by Graham Sadler. 10.15 Record Release. Morales, Anon, Andriessen, Messiaen. 12.00 Spirit of the Age. 1.00 Role Play. 1.25 Flamenco Guitar. 1.55 Vintage Years. 3.55 Live from Covent Garden. Act One of Wagner's Die Walkure. 5.05 Music Matters. The role of the military band. 5.45 Die Walkure. Acts Two and Three. 9.20 Short Story: The Free Radio. By Salman Rushdie. 9.40 Brahms. 10.10 The Schoenberg Quartets. 11.00 Impressions. Pianist Julian Joseph discusses his Wigmore Hall series. 12.30 Close.

BBC RADIO 4
6.00 News. 6.10 Farming Today. 6.50 Prayer for the Day. 7.00 Today. Round-up of the latest news. 9.00 News. 9.05 Sport on 4. 9.30 Breakaway. 10.00 Loose Ends. 11.00 The Week in Westminster. 11.30 From Our Own Correspondent. 12.00 Money Box. Financial advice. 12.25 The News Quiz. 1.00 News. 1.10 Any Questions? 2.00 Any Answers? 071-580 4444. Listeners' comments. 2.30 Playhouse: My Cousin Rachel. By Daphne du Maurier. 4.00 That's History. 4.30 Science Now. 5.00 File on 4. 5.40 A Short History of the Lettuce. Bizarre dietary advice. 6.00 News and Sports. 6.25 Week Ending. 6.50 Postcard from Gotham. 7.20 Kaleidoscope Feature. 7.50 Saturday Night Theatre: Final Cut. Rob Gittins's drama about a movie buff who confuses fact with fiction while planning a murder. *9.20 Music in Mind.* 9.50 Ten to Ten. 10.00 News. 10.15 Quote Unquote. 10.45 Chocolate Nuns and Firebombs. 11.00 Richard Baker Compares Notes. *11.30 Death Comes Staccato.* Gillian Slovo's detective mystery. 12.00 News. 12.33 Shipping Forecast. 12.43 (LW) As World Service. 12.43 (FM) Close.

BBC RADIO 5 LIVE
6.05 Dirty Tackle. 6.30 The Breakfast Programme. 9.05 Weekend with Kershaw and Whittaker. 11.05 Special Assignment. 11.35 Crime Desk. 12.00 Midday Edition. 12.15 Sportscall. 1.05 Sport on Five. 6.05 Six-O-Six. 7.35 Saturday Edition. 9.05 Asian Perspective. 9.35 The Gossip Column. 10.05 The Treatment. 11.00 Night Extra. 12.05 After Hours. 2.00 (GMT) Championship Boxing.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ *(463m) at these times BST:*
6.00 Newshour. 7.00 Morgenmagazin. 7.30 Europe Today. 8.00 World News. 8.15 Waveguide. 8.25 Book Choice. 8.30 People and Politics. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News and Business Report. 10.15 Worldbrief. 10.30 Development 94. 10.45 Sports Roundup. 11.00 Printer's Devil. 11.15 Letter from America. 11.30 Waveguide. 11.40 Book Choice. 11.45 From the Weeklies. 12.00 Newsdesk. 12.30 BBC English. 12.45 Mittagsmagazin. 1.00 World News. 1.09 Words of Faith. *1.15 Multitrack Alternative. 1.45 Sports Roundup.* 2.00 Newshour. 3.00 News Summary; Sportsworld. 5.00 World and British News. 5.15 BBC English. 5.30 Heute Aktuell. 6.00 News Summary. 6.05 Waveguide. 6.15 BBC English. 7.00 Newsdesk. 7.30 Heute Aktuell. 8.00 News and features in German. 9.00 World News. 9.10 Words of Faith. 9.15 Development 94. 9.30 Jazz for the Asking. 10.00 Newshour. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 Meridian. 11.45 Sports Roundup. 12.00 Newsdesk. 12.30 A Tapestry of Sounds. 1.00 World and British News. 1.15 Good Books. 1.30 The John Dunn Show. 1.00 (GMT) News Summary; Play of the Week: Human Landscapes. 2.00 Newsdesk. 2.30 Creeds, Councils and Controversies. *3.00 World and British News.* 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 David Jacobs. 4.00 Tea at the Grand. 4.30 Sing Something Special. 5.00 Charlie Chester. 6.30 Ronnie Hilton. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.30 Alan Keith. 10.00 Ragtime. 12.05 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3
6.55 Weather. 7.00 Sacred and Profane. Bach, Reger, Neubauer, Telemann, Haydn. 8.55 Choice of Three. 9.00 Brian Kay's Sunday Morning. 12.15 Music Matters. 1.00 Nash Ensemble. Hummel, Weber, Schubert. 3.00 Young Artists' Forum. New series. Saint-Saens, Dutilleux, Schumann, Dohnanyi. 4.30 Berlin Philharmonic Orchestra. Wagner, Ligeti, Kurtag, Beethoven. 5.45 Making Waves. Novelist Colm Toibin discusses his European travels. 6.30 BBC Lunchtime Concert. Martinu, Beethoven, Lutoslawski. 7.30 Faust: Part One. Goethe's classic play. 9.55 Music in Our Time. Bernard Rands, John Casken, Edison Denisov, James Ellis. *11.10 Choir Works. John Tavener.* 12.30 Close.

BBC RADIO 4
6.00 News. 6.10 Prelude. 6.30 Morning Has Broken. 7.00 News. 7.10 Sunday Papers. 7.15 On Your Farm. 7.40 Sunday. 8.50 The Week's Good Cause. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. Omnibus. 11.15 Mediumwave. 11.45 Eating Out. 12.15 Desert Island Discs. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 Classic Serial: Resurrection. 3.30 Pick of the Week. 4.15 Analysis. 5.00 Hack on the Cut. 5.30 Poetry Please! 6.00 Six O'Clock News. 6.15 Tides of History. 6.30 Children's Radio 4. 7.00 In Business. 7.30 Opinion. 8.00 (FM) That's History. 8.00 (LW) Writer's Weekly. 8.30 (FM) Partners in Crime. 8.30 (LW) The French Experience. 9.00 (FM) The Natural History Programme. 9.15 (LW) Mitchell Am Rhein. 9.30 (FM) One Step Beyond. 9.45 (LW) Short Stories in French: Le Petit Fur. 10.00 News. 10.15 Journeys to Imaginary Places. 10.45 Still Lives. 11.15 With Great Pleasure. 11.45 Seeds of Faith. 12.00 News. 12.30 Shipping Forecast. 12.43 (LW) As World Service. 12.43 (FM) Close.

BBC RADIO 5 LIVE
6.05 Hot Pursuits. 6.30 The Breakfast Programme. 9.00 Witchell on Sunday. 12.00 Midday Edition. 12.15 The Big Byte. 1.05 Top Gear. 1.35 Carol Smillie's Blue Skies. 2.05 You Cannot Be Serious! 3.00 Sunday Sport. 6.05 Jim and the Doc. 7.00 News Extra. 7.35 The Acid Test. 8.00 The Ultimate Preview. 10.05 Special Assignment. 10.35 Crime Desk. 11.00 Night Extra. 12.05 Nightcall. 2.05 Up All Night.

WORLD SERVICE
BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m) at these times BST:
6.00 News and features in German. 6.30 Jazz For The Asking. 7.00 World News. 7.15 Composers' Journeys. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 World News. 8.09 Words of Faith. 8.15 The Greenfield Collection. 9.00 World News and Business Review. 9.15 Short Story. 9.30 Folk Routes. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News Summary; Play of the Week: Human Landscapes. 1.00 Newshour. 2.00 News Summary; Turkey Season. 2.30 Anything Goes. 3.00 World News. 3.15 Concert Hall. 4.00 World and British News. 4.15 BBC English. 4.30 News and features in German. 5.00 World News and Business Review. 5.15 BBC English. 6.00 Newsdesk. 6.30 News and features in German. 8.00 World News. 8.10 Words of Faith. 8.15 Printer's Devil. 8.30 Europe Today. 9.00 Newshour. 10.00 World News and Business Review. 10.15 Meridian. 10.45 Sports Roundup. 11.00 Newsdesk. 11.30 Turkey Season. 12.00 World and British News. 12.15 Top Scores. 12.30 In Praise of God. 1.00 News Summary; The Path to Power. 1.30 Nikolina Gora. 1.45 Composers' Journeys. 2.00 Newsdesk. 2.30 Composer of the Month. 3.00 World and British News. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 Newsdesk. 4.30 BBC English. 4.45 Frühmagazin.

CHESS

Judit Polgar has been a match for the world's top men at Buenos Aires, where all games open with the Sicilian Defence 1 e4 c5.

The event is the brainchild of Joop van Oosterom, the millionaire who sold out his Rotterdam computer business to invest the proceeds in chess.

Only Kasparov and Kramnik are missing from the world's top eight in Buenos Aires, but the lively Sicilian suits the imaginative talent of Polgar, 18.

Here she crushes the American who recently beat Nigel Short (G Kamsky, White; J Polgar, Black).

1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 Nc6 6 Ndb5 d6 7 Bf4 e5 8 Bg5 a6 9 Na3 Be6

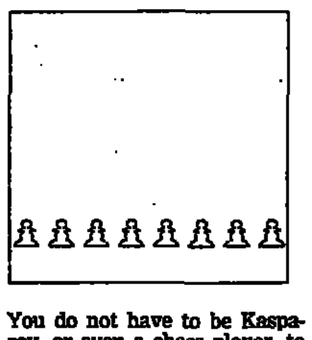
Polgar prefers unbroken pawn structures, so avoids b5 which allows 10 Nd5 and Bxf6.

10 Nc4 Rc8 11 Bxf6 Qxf6 12 Nb6 Rb8 13 Ncd5 Qg6 14 Qd3 Be7 15 g3 Book is 15 Nc7+ Kd8 16 Ncd5 followed by 0-0-0 "with advantage to White" but clearly both players disagree.

0-0 16 Bg2 Bd8 17 0-0 Kh8 18 Nc4 Ne7 19 Qa3 Bxd5 20 exd5 Bc7 21 Rad1 Ng8 22 Na5 f5 23 c4? Underestimating the advance of Black's f pawn; better 23 f4 when the result remains open. f4 24 c5 f3! 25 Bh1 Bxa5 26 Qxa5 e4 27 Rfe1 Nf6 28 cxd6 Qg4 29 Rd4 Rbe8 30 Qb4 Qh3 The threat Ng4 wins material.

31 Rdxe4 Nxe4 32 Rxe4 Qf5 33 Rxe8 Rxe8 34 h4 Re2 35 d7 Qb1+ Not Qxd7? 36 Qf8 mate. 36 Kh2 Rxf2+ 37 Kh3 h5! 38 Qf8+ Kh7 and White lost on time. There are no more checks, and Black mates by Qxh1 or Qf1+.

No 1044



You do not have to be Kasparov, or even a chess player, to solve this week's puzzle. The eight pawns have to be placed so that no more than one pawn is on any horizontal rank, vertical file, or diagonal.

There are several solutions, with a common theme. Fast solving is 20 minutes for an answer, 30 for answer plus theme.

Solution, Page XIV

Leonard Barden

BRIDGE

My hand today, from teams-of-four, teaches a valuable lesson. Here is Timing the Ruff:

N
♠ A 6 2
♥ J 7 4
♦ A K 8 7 3
♣ 10 3

W
♠ K 10 9 3
♥ 9 5
♦ 10 2
♣ K Q J 8 2

E
♠ J 8 5
♥ Q 10 2
♦ Q 9 6 4
♣ 9 7 4

S
♠ Q 7 4
♥ A K 8 6 3
♦ J 5
♣ A 6 5

With East-West vulnerable, South dealt and bid one heart. North replied with two diamonds, South re-bid two hearts, and North's raise to four hearts closed the auction.

West opened with the king of clubs, East dropping the four to show three cards. The declarer took with his ace and followed with the three. West won with his knave and, after thought, continued with the queen. Ruffing on the table, declarer drew two rounds of trumps with ace and king, cashed the two top diamonds and ruffed a low diamond in hand. West failed to follow suit and the contract was doomed and South went one down. He could set up a diamond trick but he could not get back to the table to enjoy it.

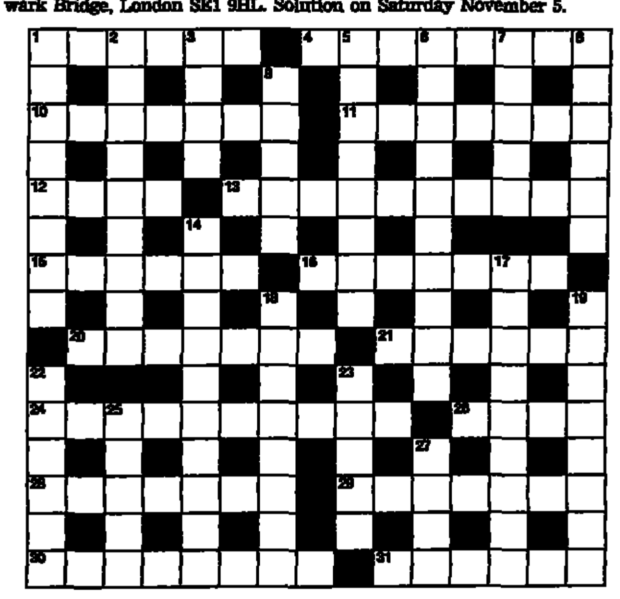
Full marks to West for forcing South to take the ruff too early. South went wrong at trick one. He should allow the king of clubs to hold – this maintains control. He wins the next club, then cashes ace and king of hearts and ace and king of diamonds. He can ruff a diamond in hand and *now* ruffs his last club. This entry to dummy allows him to ruff another diamond (setting up the suit), cross to the ace of spades and return the eight of diamonds, on which he discards a spade. Whether East ruffs this or discards is immaterial.

E.P.C. Cotter

CROSSWORD

No. 8,591 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday November 2, marked Crossword 8,591 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Saturday November 5.



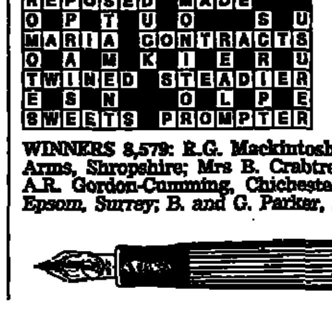
Name..

Address...

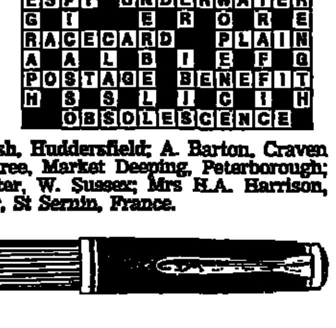
ACROSS
1 Happy about loose clusters of stars? (6)
4 Man's man, possibly? (8)
10 Counter above it repaired (7)
11 Detect a paper cut (7)
12 Pound flutter? (4)
13 Facing being plastered and stoned (6-4)
15 Head for resort (6)
16 Edge between two graduates, using African instrument (7)
20 Converted into ordinary language, fish in river died (7)
21 Foot-fault in Bournemouth's first match (6)
24 Invariably cold sheets under one? (10)
26 One who employs some house-rules (4)
28 Can in valley reveals piece of tooth (7)
29 Milk of former pilot, perhaps? (7)
30 Most direct beach-trial announced (8)
31 Moths, for example, caught out in garment pieces that are introduced (6)

DOWN
1 Lag, perhaps with nothing inside taking time? (8)
2 Tomato relish by Granny Smith (4-5)
3 Cross-beam seen over hospital door (1-3)
5 Jerome's musical craft? (4,4)
6 Sparing enough to make besom a suit (10)
7 Skin right inside Edam is not right! (5)
8 Give back sound of wild cheer, nothing more (2-4)
9 Bulldoze flat (5)
14 One who opposes the unions? (10)
17 *Butterfly* found on timbers possibly (9)
18 Lear sick in iron ship, but most brave (8)
19 Lies in furrow in Hunts, ploughed (8)
22 Digger's suit (6)
23 Grey, as over Orpington possibly (5)
25 Round number? (5)
27 Brisk drive....second to the flag (4)

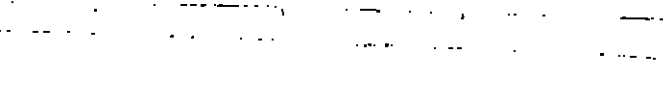
Solution 8,590



Solution 8,579



WINNERS 8,579: R.G. Mackintosh, Huddersfield; A. Barton, Craven Arms, Shropshire; Mrs B. Crabtree, Market Deeping, Peterborough; A.R. Gordon-Cumming, Chichester, W. Sussex; Mrs H.A. Harrison, Epsom, Surrey; B. and G. Parker, St Sernin, France.



Who will wake us from our slumber?

***Peter Aspden** says the need for a new Nietzsche – a wild and wise thinker – has never been greater*

Considering he was regarded as one of the towering intellects of his generation, appointed a university professor at the age of 24, and acknowledged as a seminal influence on some of the greatest literary and philosophical figures of the century, Friedrich Nietzsche has been ill-served by the caprices of historical judgment.

There are certainly easy jokes to be made at his expense. His invention of the *Übermensch* was a gift to today's pop culture plunderers, who never miss an opportunity, as in the cover of *Philosophy for Beginners*, to dress him in underpants-outside-tights and flowing cape.

In more sophisticated circles, mere mention of his name is enough to raise a guaranteed hoot of derision. In *A Fish Called Wanda*, Kevin Kline's loose hold on reality is confirmed when he wanders around reading extracts from *Ecce Homo*. Woody Allen, in a characteristic fog of existential angst in *Hannah and her Sisters*, contemplates becoming a Nietzschean, but decides against because the theory of eternal recurrence means he would "have to sit through the Ice Capades again".

The pathetic intellectual decline of Nietzsche's final years, as he marauded the elegant squares of Turin in a syphilitic haze, have not helped his cause either. As the tone of his aphorisms became more savage, as his vision of transcendence turned into an unhinged apparition of despair, yes, he did indeed become mad. But should that remain the final word on his legacy? Nietzsche died, with untypical neatness, in 1900; but has any figure cast a greater shadow over the torments of the 20th century?

Over the past week, select groups of devotees all over Europe and the US have celebrated the 150th anniversary of Nietzsche's birth. At the Goethe-Institut in London, on a Friday night, three philosophers attracted a near-capacity audience to hear their difficult papers.

It would not be too much of an exaggeration to talk of a thriving cottage industry; as one member of the audience remarked during a tetchy exchange: "I don't think too many of us would be here if this was an evening about Kant." Nietzsche has pulling-power; he speaks, with increasing authority, to the modern sensibility. The philosopher who announced the end of God has a place in the cosmic debating chamber, it seems, after the end of history.

In truth, like Karl Marx and Sigmund Freud, his fellow "modern masters of suspicion" as the French philosopher Paul Ricoeur put it, Nietzsche has been too easily marginalised by today's cultural commentators. Knock down the Berlin Wall, expose a few fraudulent psychoanalysts, laugh at the lunatic excesses of Zarathustra and we are rid of all three in one fell swoop, primed and proud for the post-historical, post-industrial, post-modern age of... well, what exactly?

It is not as if we are over-flowing with fresh ideas and original values for the new millennium (we can't even decide, in Britain at least, how to spend the money allotted to trumpet its arrival). Many of today's philosophers spend their time huddled over grammatical oddities or looking for truth in a software programme. They publish papers on it, and the more papers they publish the more research money they receive. It is considered rude to ask them what they are doing, and naive to look to them for genuine illumination on how to live our lives.

The need for another Nietzsche has never been greater: a bracing thinker, wild and wise, who can wake us from our slumber. He and his cohorts set the dark, disturbing agenda for the new century; instead of listening, we wilfully misunderstood and ended with the atrocities of two world wars.

The post-war western world settled into the comforting homilies of consumerism and the playful banter of the mass media to try and forget, but it has not proved easy. In Bosnia, in parts of Africa, in the Middle East, we are reminded daily that we are, in the great man's words, human, all too human.

Private View/**Christian Tyler**

Modest monk with a diplomatic mission

Dr Rewata Dhamma is a Buddhist who has made an impact on international affairs

Tony Andrews

A Buddhist monk living in Birmingham, England, is the improbable channel through which Burma's military junta has been seeking to end the country's diplomatic isolation.

The Venerable Dr Rewata Dhamma acted as intermediary for a historic meeting a month ago between the two senior military men in Myanmar (as Burma has been renamed) and the pro-democracy leader and Nobel peace prize winner Ms Aung San Suu Kyi, put under house arrest by the military more than five years ago.

Western diplomats were initially sceptical that an innocent-looking teacher of Buddhist meditation, philosophy and scripture, a scholar of Hindi and Sanskrit, could play such a delicate role. There were suspicions that the generals might try to use him as part of a propaganda effort to improve the standing of a regime repeatedly denounced for its abuses of human rights.

Yet the fact is that the promised parley with Ms Suu Kyi did occur within weeks of Rewata Dhamma's second visit to Rangoon this year.

The ground was prepared in May this year, when, armed with a visa from the Burmese ambassador, he entered the country and met Lt Gen Khin Nyunt, head of military intelligence and first secretary of the State Law and Order Restoration Council (Slorc).

"I think I was the first Burmese to say to him directly to free her. He explained that the army was divided and her detention was a matter of security. But I feel he was honest, genuine."

On the second visit he met Gen Khin Nyunt again, and this time was given permission to see Ms Suu Kyi.

"She was very strong, cheerful, very happy. Also her husband was there. We talked for three hours."

She was less concerned about herself than about the other political prisoners, he said. She also seemed to accept that poor education and economic instability might delay the restoration of democracy. But she asked to see General Than Shwe, the head of Slorc, to discuss things directly.

The abbot then met the head of Slorc and a few weeks later, her wish was granted.

The modest-seeming monk is not new to unofficial diplomacy, nor to international platforms. He has spoken at peace conferences in Moscow and Tokyo and at UN assemblies in New York and Geneva. Furthermore, he appears to enjoy the highest standing and connections in Burma, the country of his birth. Today, he is being pursued by the television networks who want to make him a media star.

Our meeting place was as improbable as his mission, a detached house converted into a Buddhist temple near the Brent reservoir off London's North Circular Road. The abbot (as I shall call him for convenience) produced two photographs: the first showed a slender, attractive and cheerful-looking Suu Kyi, sitting on the floor at his feet in her house in Rangoon, the second a group of military men in similarly respectful attitudes on the floor of the guesthouse where he met them.

He also showed me a translation of a letter from her after his August visit. Signed "Suu Suu", it thanked him for his attention, advice and compassion and urged him to see a throat specialist for the weakness of his voice which, she wrote, might be caused by chewing betel nut.

The abbot first met Suu Kyi in Benares, India, when she was a little girl and her mother was the Burmese envoy. Her father, Gen Aung San, Burma's resistance hero, had been assassinated in 1947 by rivals on the eve of independence from Britain.

They met again regularly when Suu Kyi studied at Oxford University (she later married Michael Aris, an Oxford don) and the abbot had left India to become a missionary to the west from his base in Birmingham.

The abbot was born Shwe Maung in 1929 – he looks too young for 65 – in the Irawaddy delta. Although the only son among five children he joined the Theravada order of Buddhist monks at the age of 12. A prize-winning student, he was awarded a state scholarship – the first and only Buddhist monk to get one – to study Hindi and Sanskrit in India, where he completed a PhD, lectured, wrote commentaries and edited, among other works, an encyclopaedia of Buddhist technical terms.

When in 1962 the Burmese government of U Nu was toppled in a military coup led by General Ne Win, the abbot found himself an exile. When later U Nu, a devout Buddhist, himself arrived in India for medical treatment he struck up a friendship with Dr Dhamma. This was enough, said the doctor, to get his name blacklisted in Burma. It was to be 30 years before he saw his homeland again.

While in India, the abbot said, he was asked by Indira Gandhi, the late prime minister, to dissuade U Nu from going back to fight the Burmese junta. Then in 1974 he was asked by Prince Norodom Sihanouk, exiled ruler of Cambodia, to go to Peking and conduct a religious service for the prince's ailing mother. He carried a diplomatic message from Mrs Gandhi to the Chinese leaders.

I asked the abbot why he landed up in Birmingham.

He replied in his indistinct English: "I did not know it. I never heard of Birmingham before." He chuckled. "Also, I wanted to learn English so I could use my knowledge – so more people could understand Buddhism."

You saw the English-speaking world as a promising place for Buddhism?

"I felt so, yes, because many Americans were becoming Buddhist – Europeans also. Many people came east to learn Buddhism in the sixties."

Was it difficult to go to a strange, cold island in the north Atlantic?

"I don't feel like it was difficult. I don't know why but I just found it very homely. I don't have any problems here, even physically." He chuckled again. "I had no colds: many English have fevers."

There was one difficulty: opening a bank account. In Burma, there are no surnames, and the abbot had in any case adopted the single religious name "Rewatadhamma".

"The manager asked for my Christian name," he said, "I told him I don't have a Christian name. And no surname either." He laughed. "So to make things easier I made two words of 'Rewatadhamma'."

He arrived with a letter of introduction from U Nu to Lord Mountbatten, who was later murdered by the IRA, and went to see him.

Were you tired of India?

"No, no. I wanted to teach meditation to the westerners. India doesn't need teachers of Buddhism so much. It has a whole tradition."

So it was missionary work?

"Missionary work, yes."

Birmingham now had 10 Buddhist centres, he said, and there were about 125,000 English-born Buddhists (not including the 50-60,000 Asian Buddhist immigrants), more in Germany and France. He has been doing missionary work in eastern Europe. "Now they are free from communism they are looking for something different," he explained.

"The Buddha says if you are ill, what you need is medicine. It's not important who gives it to you, whether the doctor is American, English, Jewish, Christian or Buddhist. It releases the mind from strains and helps you make good decisions; it teaches us how to see things objectively."

I asked if he was surprised to find himself in the news.

"Not very much. Even if I try and hide myself now I cannot really escape, because this is very important news now."

Do you enjoy the attention?

"Not really... But it is good for the country."

Before his missions to Rangoon, the abbot had approached the UN secretariat in New York and the US State Department where officials encouraged his attempt to find out what was preventing the generals from releasing Aung San Suu Kyi and handing over power following the 1990 elections in which her National League for Democracy won 60 per cent of the vote.

He explained the Buddhist method of mediation as follows: "I always say like this. We have to learn how to listen to others' problems. When you know their problem, then you will get a good solution.

"Also you try to do it with loving kindness, compassion. If someone is very angry, he can't do anything. He is suffering, so he can't do this good thing. And the same thing if I am feeling anger: I cannot listen to others. My ego, my personality – I am right, the other is wrong – is a block in the way of understanding.

"So when you are talking to both sides, you dispel your ego, your personality and just listen. Then you present your own feelings and try to reconcile them to each other. And that way you get a solution."

Dr Rewata Dhamma has been invited back to Rangoon next month. The military, he said, wanted to talk to him about the place of Buddhism, the creed of an estimated 85 per cent of the multi-ethnic population, in the socialist Union of Myanmar.

As They Say in Europe/**James Morgan**

Anchors, engineers and great powers

Germany is a great power, as the elections there show. A great power is one that has elections which others define in the light of their own national interests.

Britain receives a limited version of that compliment because of the obstructive nature of its European policies. On the other hand, no newspaper outside Italy interpreted the outcome of that country's election in terms of what it meant for its readers. But Germany is so treated whether it likes it or not: it is a big country, it has the biggest national income in Europe and it has borders with nine other nations.

In the past that has spelt trouble. It might do so again. In the meantime, each nation sees chancellor Kohl as a Father Christmas, who can give them nice presents, or a policeman who might, with luck, be cajoled into adopting a helpful attitude. Thus in Budapest, *Népszabadság* wrote: "From a Central European perspective, Kohl's re-election may be especially good news as he may fulfil his pledge of ushering the countries of Central Europe, among which Hungary is numbered, into the European Union and Nato."

In Britain, the papers disagreed among themselves. *The Times* argued that the British should ally themselves with Germany to create a free trading north-western axis in Europe.

The Daily Telegraph said they should "build alliances with those within the union who prefer consolidation before contemplating further development".

The French similarly viewed the German election from one point of view. In this case it was the alleged need for what they grandly call the construction of Europe. And, curiously enough, the conclusion reached by most of the press was one which showed the possibilities of some kind of new *entente* with the British.

The French are obsessed with proposals which envisage the creation of a "hard core" composed of Germany, France and the Benelux countries which would make their own little union. *Le Figaro* called this "squaring the circle" for it would permit the union to develop greater cohesion while allowing it to expand at the same time.

Elsewhere all is hostility. *Sud-Ouest* wrote that Germany is anxious to organise the Europe of which it dreams: "A pledge of peace and a market made-to-measure."

'Each nation sees chancellor Kohl as a Father Christmas'

InfoMatin said Germany was adopting a take-it-or-leave-it policy. That, if pursued, would unleash a noisy wave of objections in France from anti-Maastricht elements. These include personalities near to the tough interior minister, Charles Pasqua, who "do not hesitate to compare the geographical limits of the 'hard core' with the frontiers of the Holy Roman Empire." They now believe that anyone who says "yes" to the Germans are incorrigible "Vichyists". In other words, going along with the German project is a form of treason.

Most agreed that since Chancellor Kohl was now in his last term in office he was going to do all he could to achieve the integration of Europe, just as he had achieved German unification.

Once again we see the growing complexity of intra-European relationships. The British bitterly oppose the creation of a hard-core club they would not join anyway. They want expansion, which, they hope, could scupper the idea of more integration. The French want more integration, to drive the union ever closer together, so long as they are doing the driving. They have supreme faith in their own ideas until they emanate from Germans.

In Germany there is continued reluctance to accept the country's new role. It is one which many had hoped would never be assumed again in the light of the catastrophic results of previous experiments in German leadership.

A surprised *Die Welt* remarked: "Whoever glances beyond our frontiers is amazed. Kohl's re-election finds an overwhelming echo of admiration abroad, far better than the CDU bosses could have dreamed. There, everybody speaks of the guarantor of stability, of his reliable style of government, of a locomotive for integration and many other laudatory epithets.

That there is a small parliamentary majority is noted with regret. What is stressed is the strength of German democracy, its desire for partnership and its stability."

This is the great paradox. The Germans themselves speak of the need to keep Germany firmly anchored in Europe. But the more firmly it is anchored, the more Germany becomes the motor and the more it risks being seen as too powerful and a threat. You do not need an engineer to picture what happens when someone starts up what is either a firmly anchored motor or a motorised anchor.

■ *James Morgan is economics correspondent of the BBC World Service.*

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